



Daily Report

East Europe

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NOTICE TO READERS: All material in this volume previously disseminated in electronic form.
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Ministry Reports Thousands Deported by Greece

AU2708161594 Tirana TVSH Television Network in Albanian 1800 GMT 26 Aug 94

[Announcement by the Public Order Ministry]

[Text] The Public Order Ministry reports that the number of Albanian refugees forcibly deported by Greek authorities has been increasing today, too. The number of Albanians temporarily employed in Greece and deported by the Greek police amounted today to 16,803 persons.

Official sources report that today alone, as of 1400, 1,640 persons have been deported via all three border crossing points. Of those, 860 persons were deported from Kapshtice point; 750 from Kakavije; and 30 from Sarande. Meanwhile, their number keeps increasing due to the intensity of the deportation of refugees by the Greek authorities.

The Public Order Ministry also reports about a very dramatic act. On 25 August 1994, Flutura Selim Hyska and her husband Gezim Delibashi, both residents in Berat and employed in Corinthia in Greece, announced that the [Greek] police detained them while they were working and deported them forcibly via Kakavije. Both husband and wife, who were supplied with passports and regular visas, insisted on returning at least to their home in order to pick up their four-year-old child. The Greek police deported them forcibly via Kakavije and did not allow them to take their child. At the current time, the parents are in Albania while their little four-year-old child is in Corinthia in Greece at fate's mercy.

We just received another report from the Public Order Ministry stating that the intensive deportation of Albanian refugees from Greece continues. The ministry reports that as of 2000 today, i.e. when we started the main news report, 5,200 Albanian refugees were deported, among whom there were many maltreated. Thus, the general number of the refugees deported so far amounts to over 21,000 persons.

Further Deportations

AU2708202794 Tirana TVSH Television Network in Albanian 1800 GMT 27 Aug 94

[Excerpts] The Public Order Ministry spokesman Ludmilla Pajo reports that Albanian refugees have continued to be deported from Greece since the early morning hours today. Thus, as of 1930 today, 1,100 refugees were deported from Kapshtice, 940 from Kakavije, and 26 from Sarande, totalling 2,086 persons. [as heard] [passage omitted]

Three persons were hospitalized late this afternoon—Andrea Kosturi, Koco Pepo, and Jovan Zoto—who, though supplied with regular documents, were severely injured and attacked.

Berisha, WEU Discuss Cooperation, Membership

AU2608190994 Tirana TVSH Television Network in Albanian 1800 GMT 25 Aug 94

[Text] President Berisha hosted a reception for the West European Union [WEU] delegation today.

Your country has contributed to consolidating the defense of the Albanian state immediately following the proclamation of Albania's independence, President Berisha told Mr. Van Enkelen, WEU secretary general, and Baron Van Pand, representative of the WEU Council of Ministers' Presidency.

In the meeting, Berisha briefed the guests on the successes of the reform, which have so far been achieved in the institutional, economic, and military fields. He pointed out that the WEU should play a greater role in resolving the crisis in the region and stressed how necessary it was for the WEU, as an independent institution, to directly enter into an agreement with Albania regarding its affiliation with this organization.

For his part, Mr. Van Enkelen stressed that he fully agreed with President Berisha on strengthening ties between the WEU and our country, so that Albania may become a WEU member as soon as possible. He also confirmed the close cooperation between the WEU and Albania, particularly concerning the embargo on the FRY, and stressed that the lifting of embargo on the FRY should be conditioned not only by the resolution of the conflict in Bosnia, but also by a just solution to the problems in Kosova and Vojvodina, as well as a reduction in the FRY's military potential.

Later the talk focused on current Balkans concerns.

Berisha on Daskalov Visit, Dialogue With Greece

AU2808145294 Tirana TVSH Television Network in Albanian 1800 GMT 24 Aug 94

[Text] President Berisha thanked the chairman of the Ministerial Committee of the Council of Europe [COE], Mr. Daskalov, and the COE secretary general Mr. Tarschys for their visit to Albania as an important condition for Albania's cooperation with the COE. Strasbourg, President Berisha continued, constituted the target of my first visit after I was elected president of the Republic of Albania. I would like to confirm that the cooperation with the COE has been very fruitful for Albania.

Later President Berisha focused on the progress of the reforms in Albania, stressing the reform in legislation. President Berisha stated that the constitutional law is in full conformity with European standards. However, despite this, Albania will soon have its own constitution. Albania has been constantly assisted by the COE, with which it is open to cooperate in every field. We, Berisha continued, remain firmly loyal to prevent the conflict in our region and, in this context, we think that time has come to establish multilateral, regional, and Balkan

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initiatives. The Serbian aggression on Bosnia cannot be an obstacle and block these initiatives.

As for relations with Greece, they are undergoing a crisis, Berisha said. However, we still see possibilities to resume dialogue either at a bilateral level or in the presence of a third party, which can be a state or international institution.

I welcomed the fact, Berisha added, that the Greek Government denounced the adventurous colonel as well as the first part of the statement by the Greek Foreign Ministry, in which for the first time organizations, groups, and ultra-nationalist and chauvinist individuals were condemned. However, I consider the statement's considerations on the situation of Greek minority in Albania to be unacceptable. Behind these attempts by Greece hides their sole aim to mask the reality of the minorities living there. I would like the COE to help Greece in this issue.

Regarding the crisis in the former Yugoslavia, President Berisha stressed that Kosova is totally under Serbian occupation as the Serbian aggressors have committed their first act in Kosova.

After thanking President Berisha for the meeting and the wonderful program of their visit to Albania, Messrs. Daskalov and Tarschys stressed that they have chosen Albania to be the first country to visit while they were at the head of the COE. Mr. Tarschys stressed that he will make efforts to ensure Albania's quick membership into the COE, as Albania is a member of the European family. The COE is very aware of the great achievements Albania has scored and the dynamics of the changes here is very evident to everyone.

After conveying greetings from Bulgarian President Zhelev to President Berisha, Mr. Daskalov put forward the Bulgarian proposal for a round table on tolerance, which will be held in Bulgaria in the framework of the Balkans.

President Berisha welcomed the proposal.

Bulgaria's Lukanov Comments on Berisha Visit
 94P21066A Tirana ZERI I POPULLIT in Albanian
 17 Jul 94 pp 1, 3

[Interview with Andrey Lukanov, former Bulgarian prime minister and deputy of the Socialist Party in the Bulgarian National Assembly, by Pavlo Gjidede; place and date not given: "Bulgaria and Albania Will Be Ranked Among the Most Civilized Countries, Where Imprisoned Political Opinion Does Not Exist"]

[Excerpts] [ZERI I POPULLIT] Andrey Lukanov is one of the brilliant personalities of the Bulgarian Socialist Party. During the transition phase, he was prime minister of his country. After he left this position, he was accused and imprisoned, even though he was a deputy in the Bulgarian parliament. As a result of the strong

protests of socialists and true democrats in Bulgaria and the sensitivity of international opinion and of specialized forums such as the Interparliamentary Union Commission in Geneva, the European Parliament, etc., he was released from prison and currently he is continuing his free political activity.

[Gjidede] I would like to thank you in advance for agreeing to give this interview to the Albanian newspaper with the largest circulation, ZERI I POPULLIT. I think that Albanian readers would be interested in learning your opinions as one of the first persons to understand the need to change the old system, to build a pluralistic democratic society and a market economy.

[Lukanov] At the end of 1989, none of us reformers in the former Bulgarian Communist Party had any illusions in regard to the difficult and even sick nature of the changes made. We knew that we would face such forces and that this would result in confrontations, dissatisfaction, revanchism, and in the more negative aspects of the human psyche. These predictions and evaluations were at the foundation of our proposals for Bulgarian society, for a peaceful transition to democracy and the free economy, for a constructive political dialog and peaceful ethnic reconciliation and understanding. [passage omitted] But, at the same time, and especially during the 1991-1992 period, there were negative processes in our country, which were a serious obstacle to democratic reforms. This was the result of confrontations because of the fact that the ferocious Bulgarian right wing refused to extend its hand and became revanchist, seeking to install the primitive capitalism of a half century ago. The right wing and not the socialists is responsible and will be held responsible to the Bulgarian people for the destructive consequences and for the policy of confrontation. [passage omitted]

[Gjidede] Many well-known Albanian intellectuals have fallen under the ferocious blows of the Berisha regime. They include Fatos Nano, deputy in the People's Assembly and chairman of the Albanian Socialist Party who has been in jail for a year.

[Lukanov] The same characteristics appear at the highest level of the political repressions in your country as in Bulgaria. Unfortunately, our two countries serve as a bitter exception in this regard, if we compare them with Hungary, Poland, and the Czech Republic. In my opinion, this "right wing" policy is myopic and could impede the transition to democracy and lengthen the period of confrontation, political violence, and revenge-seeking.

During the time of the changes in Albania and in Bulgaria, I had the opportunity to meet with and talk to Ramiz Alia. I felt that he was working in extraordinarily difficult circumstances and that he was trying to find an intelligent and peaceful way out of the situation in which the previous leadership had put Albania. Therefore, I believe that the attitude towards him and towards Fatos Nano is not only a whimsical spectacle in an open court

but it is also a serious historical injustice. Perhaps I am more sensitive to these antidemocratic actions because of absolutely illegal repressions by a government of fascist "justice". It is still too early to say that emergence from this situation is completely impossible for me and for my Bulgarian socialist comrades. The fact that I am no longer under arrest is a result of the strong support of my party and of honorable Bulgarian democrats and the broad, negative international reaction to the political processes in Bulgaria. I am sure that law and justice will triumph in Bulgaria, as well as in Albania and that our countries will be truly ranked among the civilized states in which the concept of "political prisoner" does not exist.

[Gjidede] Although Bulgaria and Albania have legalized political pluralism and the market economy, we are not getting foreign investments. Should not more doors be opened?

[Lukanov] I think that the doors are opened wide, both folding doors. Although we have liberalized the investment system in Bulgaria, the hard currency system is on such a level that Bulgarian industry and products are deprived of any sort of defense. This has resulted in a deep downturn in our industry and an immediate increase in unemployment. As you stress, with justification, in your question, foreign investors are not hurrying to come to our country. The appearance which we must make depends on the liberalization of investments for investors which is not the most important thing for them. I believe that the restraint, in our case, is a result, primarily, of the unclear and unstabilized political situation. I think that social stability and a shrewd longterm economic strategy are needed. But this, in its turn, is the result of the incomprehensible socio-political confrontation of some political forces instead of dialogue and understanding in the name of the national heritage.

[Gjidede] The visit of Albanian president Sali Berisha to Bulgaria was met by harsh tones from political forces and from the media. In your opinion, why did this happen?

[Lukanov] Indeed, the visit of the Albanian head of state, after a long interruption in political contacts between our countries, should be welcomed. Bulgarian socialists support every constructive step which promotes the development of Bulgarian-Albanian relations. If the visit of Mr. Berisha was the cause for evaluations with a number of meanings, this was because of a feeling about the appearance of your president at the beginning of the

visit. For example, in opposition to all international norms, appearing before the Bulgarian parliament as a friend, he allowed himself to utter a succession of ideological statements and, simultaneously, attacks on a neighboring state. The Bulgarian Socialist Party is obliged to make an official protest against this abuse of friendship in the parliament. Other political forces and the powerful media organs had the same reaction.

[Gjidede] During the time that you were under arrest, you wrote and published two books which, as we know, were received with interest by Bulgarian readers. In Albania, a book called "Dosja Nano" [The Nano File], which contains articles and excerpts from the judicial proceedings against Fatos Nano, has not been allowed to be published.

[Lukanov] I think that this fact clearly demonstrates the great strength and influence of the ideas for which Fatos Nano has been bravely fighting. It is obvious that his opponents are afraid of him, even though he is in prison. In Bulgaria, during my imprisonment, the same sort of efforts were made to deprive me of my legal rights, such as to prevent me from publishing in the press articles and comments on issues which had nothing to do with "guilt". This policy was rejected in Bulgaria and I am sure that it will also be rejected in Albania. True democracy has nothing in common with such restrictions which are common violations of international standards and conventions in the area of human rights. I am certain that the truth cannot be stifled and cannot be confiscated.

[Gjidede] What have you told yourself during difficult moments?

[Lukanov] Not to be ashamed of today and tomorrow, not to be ashamed of those whom I meet and who meet me, not to be ashamed of true democracy, of its supporters and of my friends who are not few in number.

[Gjidede] What would you like to tell the Albanian people?

[Lukanov] I would like to wish you success for further progress in democratic processes. The courage and honor of the Albanians, of the socialists and the true democrats, cannot be brought down and cannot be abandoned. Fear is for cowards, while courage is for those who know how to stand up and fight on their feet, even in prison cells. Courage is for the brave, for the ideals of the underprivileged, which the Socialist Party and its chairman, Fatos Nano, are honorably defending.

Horn Seeks EU Membership, Japan-Russia Ties*OW2708093694 Tokyo KYODO in English 0903 GMT 27 Aug 94*

[Text] Budapest, Aug. 27 KYODO—Hungarian Prime Minister Gyula Horn has called for closer economic relations between Japan and Russia, saying stability in Russia is vital for security in Europe as a whole.

Horn, who heads a coalition government that took power July 15, made the statement in an interview with KYODO NEWS SERVICE in his office in Budapest on Friday [26 August].

"We, here in Hungary, are very much interested that there should be stability in Russia. They (Russia) are a world power. Obviously they have other assignments than the small and medium states of the region. The danger is Russia's unstable situation. This is a danger for the whole of Europe," he said.

Citing Japan's "vast economic potential," Horn said Japan "could undertake (an economic) role in Russia's stability" and "the development of Russian-Japanese economic relations is extremely important."

Noting double-digit unemployment and inflation rates in Hungary, Horn said "the greatest problem is the stabilization of the economy. We have to stabilize the economy, which means that—in a number of areas—we must restrain expenditures, overspending has to be brought into harmony with performance."

He called on the Hungarian people to realize that there is "a need for patience." Horn expressed hope that Hungary will build relations with the European Union and its member states as soon as possible. In this connection, he said he hopes to see Hungary admitted to the European Union as a full-fledged member by around 2000. "We would welcome if talks on full membership could commence in 1997. If I count in an optimistic way, it will be around the year 2000 when our goals will be achieved," he said.

He predicted that foreign investment in the country, which slumped in the early part of this year, will recover in view of economic recovery in Western Europe.

The lingering conflict in the former Yugoslavia wreaked havoc on Hungary's economy with resulting damages worth 2 billion dollars, but prospects for a peaceful settlement are rising, he said.

Defense Minister Appoints Two More Deputies*LD2908125394 Budapest Kossuth Radio Network in Hungarian 1000 GMT 29 Aug 94*

[Text] The reshuffle of the top leadership within the Ministry of Defense has been completed by Defense Minister Gyorgy Keleti who appointed another two deputy state secretaries.

Major General (Csaba Liszkai), deputy private secretary to the minister, will supervise press and social relations with the rank of deputy state secretary and (Tibor Toth) will be responsible for international relations from today.

Tibor Toth has worked for the Ministry of Foreign Affairs until now, and he is an expert in disarmament matters. Including the two newly appointed leaders, a total of four deputy state secretaries will supervise professional work in the Defense Ministry in the future.

Official Seeks State Support for Agriculture*AU2608174994 Budapest MAGYAR NEMZET in Hungarian 26 Aug 94 p 8*

[Interview with Tamas Nagy, co-chairman of the National Federation of Agricultural Producers and Cooperators, by Istvan L. Horvath; place and date not given: "The Agricultural Lobby and the Other Extreme—Tamas Nagy on Supportive Government Gestures, the CEA Congress, and the Burdens of the Renewed Cooperatives"]

[Excerpts] Many people feel that new winds are blowing in the fields: The government is paying attention to the agricultural sphere that is suffering from a lack of finance; it has given help to it and is promising even more support. This might be some compensation for Tamas Nagy, a big loser in the elections. [passage omitted] Naturally, he has not left agriculture, he continues to be co-chairman of the National Federation of Agricultural Producers and Cooperators [MOSZ], chairman of the large cooperative in Gyal, and deputy chairman of the European Confederation of Agriculture [CEA]. The CEA will hold its 46th congress in Hungary in September, when the agricultural world will be watching us. [passage omitted]

[Horvath] Most Eastern European countries are already members of the CEA. Is it possible that the conference can help us regain this huge market?

[Nagy] It is a big mistake to talk about Western or Eastern markets. We must only think in terms of the world economy. We, naturally, have to recover or acquire the Eastern markets, however, this, just like the preservation and expansion of our Western positions, can only be done through combined enterprises and trade forms, for example through joint ventures. I do not believe that we can achieve success through traditional methods, namely by trying to sell our already existing produce for cash.

[Horvath] Does this mean that the government's \$3 billion agricultural export plan is an illusion?

[Nagy] No, it does not. In fact, I believe that it is a good strategy to state this. However, we have to prepare for this, agriculture has to be prepared for this. It is good that the government set such a high goal for agriculture because, by doing this, it has declared that this branch of

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the economy will have a role to play. Naturally, to achieve such a high export income, in addition to political support, we also need state intervention even if, I know very well, many people do not like this term. The structural transformation of agriculture has not been completed at all, it is fundamentally important to stabilize the situation of the producers. We have to face the fact that the production bases have deteriorated to such an extent that an export increase cannot be based on them. A lot of investment is needed for exports. However, in my view, these investments would be repaid and, in addition to agriculture emerging from its crisis, a number of social problems like unemployment in the villages, rural development, and the improvement of underdeveloped areas would also be solved. It is essential for agriculture to receive special attention in the 1995 budget if we want to achieve a \$3 billion export revenue.

[Horvath] The supplementary budget was also favorable because it increased support for agriculture by 17 billion forints.

[Nagy] This is a confidence building measure, a message to say that agriculture can launch itself forward; we know that there is not much to give from. However, the government's real intentions will be shown by the 1995 budget. This country does not have enough money to meet the needs of all lobbies, therefore, it has to be decided which—no more than three or four—areas can receive extra support and which have to implement strict economy. It is impossible to settle the situation of health care, mining, public employees, agricultural producers, and I could carry on listing the areas that are all laden with tensions. Eventually, a government has to come that will, accepting the unpleasant side of this, announce where it intends to concentrate the slender resources in the coming years. Certain lobbies have to be pushed to the background.

Dim View of the Future

[Horvath] The government's gestures indicate that the agricultural sector will be one of the special ones. In addition to the extra support given to it, this is also shown by the fact that the cooperatives are starting to become important. As co-chairman of the MOSZ, you can welcome this. However, it is to be seen whether we will find ourselves going to the other extreme; in other words, if the cooperative model of the previous regime will return. It was inefficient, employed too many people, and represented an inflexible form of production.

[Nagy] The government program, the ministry leaders, the statements of the parliamentary agricultural committee, and the government's current measures have all indeed indicated clearly that agriculture will have a more emphatic role. That the government is holding dialogue with the professional and interest-representation organizations on essential issues, which was not a character of the past four years, is also a positive sign. Of course, these are only indications.

[Horvath] That are also felt by the cooperatives....

[Nagy] It is undoubtedly true that people in this area do not feel so subordinate anymore. However, it also has to be seen that, as a result of the changes, the loss of markets, and the dismissive politics, the cooperatives found themselves in a very bad situation in the past years. If a government states that it gives preference to cooperatives, then this means to me that it has recognized: Cooperation is a modern idea in a country that is poor and has many small producers. It is known throughout the world that cooperatives cannot operate and survive on their own. In Western Europe, tax offices ensure that an organization is not a bogus cooperative—this has to be controlled, because it is worth choosing the cooperative form as it has several benefits. However, we do not yet know what kind of political and economic measures will support our new type of cooperatives. It has to be realized that the market economy cannot be freely created in Hungary, we have a heritage and several limitations surround us. It can easily be said that the cooperatives are inefficient; I know that they are forced to give employment to many people, they implement a covert welfare policy, however, while the welfare policy cannot provide answers to many questions, the old system also has to be maintained. There is nothing different or better instead. Nor will we be able to think in terms of pure models in the coming decades, either.

[Horvath] For the government, how it will support and later control the cooperatives is a technical matter. The kind of long-term road the government will assign to agriculture is a more important issue. This view of the future is still hazy.

[Nagy] Many gaps have to be filled. We do not have agricultural loans, the mortgage system does not function, and the property structure is not known. It would have been important for the government to draw up an agricultural orientation law that could have laid down the strategic goals. Unfortunately, this seems to be off the agenda.

Petoe Sums Up Period of Cooperation With HSP

LD2708123594 Budapest Kossuth Radio Network in Hungarian 1100 GMT 27 Aug 94

[Text] Ivan Petoe, chairman of the Alliance of Free Democrats [SZDSZ], giving an analysis of the first period of governing jointly with the Hungarian Socialist Party [HSP], said the disputes with the HSP did not mean the breakup of the coalition government. The SZDSZ leader was speaking at the session of the party's national council.

The session is also discussing the argument between the SZDSZ and the mayors of Budapest. The national council will vote on the proposed resolution according to which the SZDSZ should support at the local government elections only those councillor and mayoral candidates who accept the SZDSZ-HSP coalition agreement.

Soros's Investment in Savings Bank Defended*94CH0379A Budapest MAGYAR HIRLAP in Hungarian 28 Jul 94 p 9*

[Article by Melinda Kamasz: "Soros Will Establish Also a Fund to Guarantee Small-Business Loans"]

[Text] Alajos Dornbach, a deputy chairman of the Soros Human Invest Foundation's board of trustees, emphasizes that it is rude to call George Soros's investment in OTP [National Savings Bank] greedy, unprofessional and demeaning. Dornbach thinks it might be feasible to float slightly above par—say, for between 104 and 106 percent of par—the shares in the bank's first, 5 billion-forint capital increase. If the investment in OTP does not absorb the foundation's entire capital of 150 million dollars, a fund to guarantee small-business loans might be established from the remainder.

Dornbach fails to understand why Peter Boross, the former prime minister, criticized George Soros's investment yesterday. In his opinion, the nation is getting a free gift, because Soros does not intend to repatriate his dividends. Instead, he plans to use the dividends to finance his foundations in Hungary. In other words, the objective is to make as much money available for good works as possible. Parallel with the capital increase, moreover, Soros's equity will be transferred to the foundation. Although Soros intends to increase OTP's capital by 5 billion forints in the first stage at par, a slight upward shift in the price per share is conceivable. But that is still being negotiated, Dornbach emphasized. An additional 10 billion-forint investment would be above par, but there is no agreement as yet on the exact price per share.

The foundation will hold only as much equity in the bank as the law allows. If that sets a limit for the investment, the foundation will not invest its entire capital of 150 million dollars in OTP, Dornbach claims. The remainder will probably be used to establish a fund to guarantee small-business loans to entrepreneurs.

About the possibility of a competition through tender in conjunction with the capital increase, Dornbach said that the foundation is looking forward to participating in it, but they would like to be competing against tender offers of the same type as Soros's—i.e., against offers not to repatriate the dividends, but to use them here for objectives that are in the public interest.

The foundation intends to become involved in personnel matters at OTP only to the extent its vote on the OTP board permits. The foundation has confidence in the management, but every management can be beefed up, the deputy chairman felt. In his opinion, investment in OTP has nothing to do with the bank's intention to use the additional capital to establish other banks in Eastern Europe.

Responding to our question as to whether George Soros might have considered withdrawing his offer because of

the series of attacks against him, Dornbach said that Soros was not quick to take offense. In his investing Soros sought only the concurrence of authoritative professional circles and did not base his decisions on statements by persons "who are biased against him."

Incidentally, the Soros Human Investment Foundation will come into being only when the details of the investment in OTP have been ironed out. For the time being, the foundation's board of trustees will consist of seven members. George Soros is the board's chairman. Alajos Dornbach and Academician Tibor Vamos are the two deputy chairmen. The board members include: Gyorgy Suranyi, general manager of CIB [Central European International Bank, Ltd.] Hungaria Rt.; Istvan Rev, a trustee of the Central European University Foundation; and Sandor Demjan and Neier Aryeh, professors of Central European University.

Trustees serve on the board until the age of 70, and they themselves coopt the new trustees who will succeed them upon their own resignation or demise. Should a trustee assume an office that would disqualify him from acting as a trustee, his seat on the board would be suspended but would otherwise remain in effect.

Growing Role of Domestic Capital in Privatization*94CH0390B Budapest FIGYELO in Hungarian 4 Aug 94 p 17*

[Article by Peter Vince: "Depreciating Assets Worth 1,000 Billion Forints Yet To Be Privatized"]

[Text] How far has privatization advanced? The question is straightforward, but the answer to it is by no means easy. The difficulties stem from problems associated with the stocktaking and recordkeeping of state-owned business assets.

There are three types of records on state-owned business assets, depending on whether the records show the assets' original book value, their subsequent assessed valuation when the state enterprises were transformed into companies, or the prices realized at the time of the assets' privatization. The differences between these three sets of figures are considerable. At the end of the 1980's, the combined total book value of the state's so-called entrepreneur's capital was about 2 trillion forints. At the time of the enterprises' transformation into companies, the business assets assigned to the AVU [State Property Agency] appreciated considerably. This was typical especially between 1990 and 1992, when better-off enterprises were being transformed into companies in large numbers. The prices realized in privatization in 1991 and 1992 were even 10 to 30 percent higher on average than the assessed valuations at the time of transformation. In 1993, however, the privatization prices attained only 65 percent of the assessed valuations. In other words, it was possible to continue privatization only at an accelerating depreciation of the valuations assessed at

the time of transforming the state enterprises into companies. By April 1994, 421.5-billion-forints' worth of state assets had been privatized. (The AVU had sold 205 billion forints' worth; the AV Rt. [State Property Management Corporation] sold 99 billion forints' worth; and sales by the enterprises, in so-called supervised asset conservation transactions, totaled 117.5 billion forints.)

Because the book values and the privatization prices developed independently of each other, it is not possible to determine on the base of the differing records of enterprise assets just how far privatization has advanced.

A more accurate approach to the proportion of privatized assets is to compare the quantity of assets already sold with the assets still awaiting privatization. The conditions for such a comparison are more auspicious, in that the process of transforming enterprises into companies is practically over, and the value of their assets has already been assessed. Consequently, records based on the earlier book values are not the only ones available. Admittedly, the assessed valuation at the time of the enterprises' transformation into companies is not the same as the prices realized in the course of privatization. However, the direction of deviation is known, and there are data—as presented above—on the extent of depreciation. Thus certain estimates of the orders of magnitude are possible.

On 31 March 1994, the AVU held 378 billion-forints-worth of nonprivatized assets; and the AV Rt., 1.303 trillion-forints-worth. According to the regulations now in force, 670 billion-forints-worth of the AV Rt.'s assets cannot be privatized. This leaves about 976 [as published] billion-forints-worth of assets awaiting privatization. The assets yet to be privatized account for 60 percent of the two holding organizations' combined portfolios and are worth nearly 2.5 times the assets already sold. But the actual difference will probably be smaller, because we have to expect a significant depreciation of the assets in the course of privatization and during the [enterprise] liquidations. If we use the present, 65-percent depreciation rate of AVU assets in our calculations, then the difference is only 1.5-fold. However, the difference might also be greater if the AV Rt. started to privatize its assets on a larger scale—its portfolio includes also very valuable firms awaiting privatization.

A stocktaking problem of a different nature arises from what definition of privatization we adopt. For it is not all the same whether we define the extent of privatization as the value of the assets sold; or as cessation of the state's majority interest. In the former case we obtain a smaller volume of privatization than in the latter case. This can be illustrated on the example of the AVU.

The AVU has sold 205 billion-forints-worth of assets so far. Selling off its majority interest in companies reduces the AVU to a minority shareholder in them. In other words, shareholders other than the AVU gain control of the total assets of the companies in question. By selling

off its majority interest, the AVU has lost control of about 350 billion-forints-worth of assets, which is 70 percent more than the value of the assets actually sold. On the basis of the broader definition, we may regard also this larger volume as privatization.

Changes in the structure of shareholdings also provide important information about privatization. They shed light on the differences between the respective portfolio structures of the AVU and the AV Rt., and also on the proportions of the new shareholders' interests in companies in which the two holding organizations have shares.

The AVU's interest in companies in which the state still owns shares averages 62 percent. The remaining shares are not necessarily regarded as privatized, because local governments and Hungarian investors jointly hold an additional 26-percent interest. In the case of companies in which the state maintains a majority interest for the time being, we may not regard as private property the substantial shareholdings of local governments and Hungarian investors, or even the shares held by the companies' employees. These shares cannot be considered privatized just because they are no longer in the AVU's portfolio.

Among the new investors in companies in which the state still holds equity, the proportion of domestic investors has risen the most rapidly; they now constitute the second largest group of shareholders, after the state. This group is a very heterogeneous one. In addition to private investors, the group includes also state-owned banks and companies that have invested as entrepreneurs.

Equity in firms in which the AVU has already become a minority shareholder accounts for 42 percent of its portfolio. And equity in firms that practically have not been privatized so far—they have been privatized 5 percent at most—accounts for 36 percent more of its portfolio.

The breakdown of the AV Rt.'s assets shows an entirely different pattern. The AV Rt.'s average interest in its companies is substantially higher (82.4 percent). Firms in which it has a minority interest account for merely 4 percent of its portfolio. At the same time, 73 percent of its assets has practically remained unaffected by privatization (these assets are at most 5 percent privatized). The proportion of domestic shareholders is only slightly higher than the proportion of foreign ones (7.9 and 5.5 percent, respectively).

The state-owned assets that have been acquired by foreign investors may be regarded as unquestionably privatized. In the shareholding structure of companies in which the state holds equity, the proportion of foreign shareholders is rising. It is 11.5 percent in the AVU's portfolio, and 5.5 percent in the case of the AV Rt.

There is still a comment that ought to be added to what has been said above regarding the value of privatized assets and the breakdown of the shareholding structure.

The liquidation of state assets is not proceeding solely through privatization; it is also being "helped" by the rapid depreciation of the assets. Therefore privatization is a race against time. From the viewpoint of how the economy's potential develops, it is not all the same whether or not the sale of capital accumulated in the past is able to keep pace with the capital's depreciation.

Kopint-Datorg Institute's Economic Forecast

94CH0374A Budapest FIGYELO in Hungarian
21 Jul 94 p 26

[Report by the Kopint-Datorg Institute for Business Cycle Analysis, Market Research and Processing of Foreign-Trade Data: "More and More Investment"]

[Text] *The trends that began last year are continuing this year. Their most important characteristic is that the growth rate of domestic expenditure remains higher than the growth rate of GDP.*

The deficit in our balance of payments on current account was already around \$1.4 billion in the first five months of this year. So far the rate of inflation has been lower than last year—the annual rate has barely exceeded 18 percent. Although the central budget's deficit is substantial, as a proportion of GDP it is still within the planned range for the time being. Industrial production during the first quarter of this year increased by more than 9 percent over the same period last year. Investment is expanding at a rate unprecedented since the mid-1980's. And the unemployment rate fell below 12 percent by the end of April. That is what we read in the No. 2 Kopint-Datorg [Institute for Business Cycle Analysis, Market Research and Processing of Foreign-Trade Data] Report for this year.

On the one hand, the economy is showing clear signs of recovery. On the other hand, however, the extremely large deficit in our balance of payments on current account is an indication of very serious problems. Unless significant changes occur in the economy, the deficit will reach a record high in 1994. But this year the record deficit will not yet cause problems in connection with its financing. The main danger is that failure to trim the deficit in our balance of payments on current account would worsen Hungary's international rating.

The factors directly causing the rise in domestic expenditure are slightly different from last year. The rise in 1993 was due to a buildup of inventories, to the expansion of (personal and public) consumption, and to a substantial drop in exports parallel with a sharp rise in imports. For the time being it is difficult to form a picture of this year, because the available statistics are rather sketchy.

Personal consumption probably has not increased (or perhaps has increased only slightly). An indication of this is the fact that retail sales dropped by about 3 percent during the first three months of this year, even though average net pay in real terms rose by more than 7

percent. However, the household sector's purchasing power did not increase at the same rate, primarily because the number of persons gainfully employed continued to fall (by 6.6 percent), while the number of dependents rose. In other words, the incomes of all households probably rose by less than the average net incomes did. Therefore it is an exaggeration to speak of "runaway" incomes.

At the same time, the households this year have been increasing mainly their savings, rather than their consumption. According to the data of the MNB [Hungarian National Bank], the net inflow of personal savings during the first five months of this year has been nearly 130 billion forints.

Presumably, public consumption likewise did not exert significant pressure on the rise of domestic expenditure, despite a significant increase in the real value of certain items of expenditure during the first four months, particularly the expenditures of agencies financed from the central budget. In comparison with the prorated planned total expenditure, the overspending in this area is more than 9 percent (15 billion forints). But the overall budget deficit has remained within the planned limits.

The situation is similar in the buildup of inventories, which is proceeding at a rate significantly slower than last year. In 1993 the growth rate of industrial production was higher by 1.1 percent than the growth rate of sales. In the first three months of 1994, however, the growth rate of industrial production was merely 0.3 percentage point higher. Since the difference between production and sales equals by definition the buildup of inventories, the enterprises are producing relatively less for stock in 1994 than last year.

Primarily the extremely rapid growth of investment explains the significant rise in domestic expenditure. Investment at current prices rose by nearly 59 percent during the first quarter of 1994. That corresponds to an increase of at least 30 percent by volume. After all, none of the already known price indices has risen by more than 20 percent. Therefore we may assume that the investment price index, which has not been published as yet, has not risen by more, either. An important indication is that the index for the first quarter has never been so high since the mid-1980's. The fact that, over the years, capital accumulation has sunk to a low level undeniably plays an important role here. But this significant growth must certainly be regarded as a radical change. Kopint-Datorg analysts attribute special importance to the fact that all elements of investment showed similar high growth rates—in other words, not just construction work, but also investment in domestic and imported machinery, respectively. The breakdown by sectors shows the highest growth rate for infrastructure investments, some of which were started by the central government or by local governments. The growth rate of investment exceeded 30 percent also in manufacturing, which accounted for the largest share of total investment.

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This year the worsening of the foreign expenditure of GDP occurred somewhat differently than last year. Last year exports dropped sharply while imports rose. This year exports, expressed in current dollars, rose slightly, but imports continued to expand rapidly.

Although Kopint-Datorg finds the statistics on the elements of GDP expenditure to be sketchy and inconsistent, so far the rapid rise of domestic expenditure in 1994 has been due primarily to the growth of investment, rather than to the growth of consumption. Both fiscal and monetary policy are able to exert only limited influence on the growth of investment this year, because recent budget decisions affect only a smaller portion of investments. Some of the infrastructure investments require only small budget outlays (e.g., the construction of expressways by private firms, in exchange for a concession to collect tolls; or the telephone network's development). Another portion of the investments has been started by local governments; primarily accumulated savings (or so-called special-purpose grants), rather than current revenue, are being used to finance these investments, also in view of the coming local elections. The third source of financing is direct foreign borrowing by enterprises, while their portfolio of domestic investment loans is declining.

The Hungarian economy's most serious short-term problem is the deficit in the balance of payments on current account. One essential cause of this deficit is the Hungarian economy's poor export performance. Under the current conditions, however, the effect of possible monetary- and fiscal-policy measures upon the balance of payments on current account is very doubtful. Higher nominal interest rates than the level of interest which evolved at the beginning of this year "might produce" real interest rates so high that they could have a negative impact also on exports. Therefore the authors of the report believe that the deficit in the balance of payments on current account cannot be reduced without a correction of exchange-rate policy. In the short term, a nominal devaluation between 8 and 10 percent can be expected to slow down primarily the expansion of export; but devaluation could also improve the exporters' prospects, by raising the profitability of export. The higher costs of imports and the already high level of interest rates will probably be sufficient to reduce consumption by 1 or 2 percent, while savings rise.

Trade Union Federation Plans Bank, Restaurants

94CH0359A Budapest MAGYAR HIRLAP in
Hungarian 20 Jul 94 p 5

[Unattributed article: "Trade Union Membership As Market; Trade Union Federation To Found Bank"]

[Text] *The National Federation of Hungarian Trade Unions [MSZOSZ] will start a number of new business ventures, Vice Chairman Janos Vago told MAGYAR HIRLAP.*

The organization's leadership decided that in the future the organization's activities and security cannot depend on membership dues from member organizations which sometimes come in irregularly. Although the bodies of leadership have not yet said yes to the plans, it is likely already that in the coming months the MSZOSZ will set up an independent business bureau. According to the plans, the businesses would operate completely independently of the apparatus; they will work in a different location and with different specialists. As Vago described, the plan is for the MSZOSZ to set up smaller or larger companies with a 20-25 percent share in the property. In these businesses they intend to utilize the existing infrastructure of the MSZOSZ, i.e., the advantages due to its organization, and they intend to target the membership numbering several hundred thousand as a market. The planners consider it important for member organizations to participate in these economic tasks, or rather, that the work of the new companies would be public and transparent to

The largest business will certainly be the new bank which (perhaps supplemented by an insurance company) would handle the membership dues, among other tasks. These dues represent 5 billion-10 billion forints a year, but at the moment they collect interest for several different banks, the vice chairman said. With the independent trade union bank, the profit of this huge sum would benefit the trade unions. A further business venture would be the huge base of real estate which would put the real estate owned by the MSZOSZ and the trade unions of the individual sectors of the economy into a new investment fund.

A private trade union corporation organizing voluntary mutual insurance funds will also start operation soon. Moreover, trade union members can expect several smaller business ventures, as well. For instance, by becoming a member, they can almost automatically be included in discount trade and service chains. Recently, a French economic group began cooperation with the largest Hungarian trade union and set up the Ticket Restaurant chain where holders of discount tickets can eat cheaper everywhere in the country. It is conceivable that the same French group will also take over the management of holiday homes owned by the trade unions of the individual sectors which are worth several billion forints and which are currently fairly underutilized. Beyond this, the MSZOSZ also has plans for foreign trade activity, because their good connections in the region remained untapped in this respect. Furthermore, the MSZOSZ plans to organize gambling.

Vago said that the MSZOSZ will in all likelihood enter into contracts of sponsorship with the business ventures which will operate independently of the apparatus of the union. Thus, the companies can save the union leaders a lot of trouble because, for instance, for the last 1 May the organization had to come up with Ft15 million. Once the business ventures are established, they will be able to pay for such festivities much easier and with more certainty.

Decreasing Funds for Research, Development

94CH0382B Budapest FIGYELO in Hungarian
28 Jul 94 p 21

[Unattributed article: "Where Have All the Researchers Gone?"]

[Text] *More and more research is supposed to be financed with less and less money. And that is something not even the strictest possible allocation is able to remedy.*

Although we are still at the very beginning of the road leading to a developed market economy, already the number of "victims" is by no means insignificant. There is every indication that also Hungary's R&D personnel is included among them. For the protracted recession and the depleted state treasury have been plaguing for years scientific and technological research and development, which is unlikely to yield an immediate return, but without which it would be difficult to imagine the future. Under the previous government, the already existing National Technological Development Commission (OMFB) was assigned a new role. Its chairman, Academician Erno Pungor, attended cabinet meetings as a minister without portfolio. We asked him to prepare a balance of the [commission's] past four years.

According to Erno Pungor, the OMFB has undergone a radical renewal; but R&D—as a homogeneous system—remains divided as before. It is still unclear from what sources basic research ought to be financed. Meanwhile, the proportion of GDP available for R&D is shrinking year by year—instead of the 1.5 percent that is the bare minimum requirement, it has already shrunk to merely 0.8 percent. A serious question—still unanswered—is what niche should a small country, and short of capital like Hungary, carve for itself in basic research, which is more capital intensive. In Erno Pungor's opinion, definitely more state aid is needed than the two billion forints a year, for which applications may compete through tenders. It would be expedient to retain competition through tender as the method of distributing the larger amount of state aid, but that aid should cover 50 percent of R&D costs.

The main source of financing domestic R&D activity is the Central Technological Development Fund, which was replenished until the end of 1993 mainly from tax-deductible contributions by business associations (the fund's total in 1993 exceeded 7.0 billion forints). Since then the fund is being financed, far less generously, from the state budget. So far as applied research is concerned, Erno Pungor says, the OMFB from the very beginning regarded as its objectives the reorganization of the system of institutions, the distribution of state aid on the basis of competition through tenders, and the establishment of a new, independent network of research institutes (the Zoltan Bay institutes).

According to a recent survey of the changes in the size of the domestic research institutes' personnel, the staffs of

the research institutes in the natural and medical sciences have remained essentially unchanged; but the staffs of the economic and agricultural institutes have become 30 percent smaller during the past 3.5 years, while the staffs of the technological institutions have been reduced drastically (by 70 percent). The advantage of this, Erno Pungor claims, is that a large proportion of our creative technical intellectuals joined the economy as entrepreneurs (for few of them moved abroad). But the drawback is that mostly the less enterprising staff members are the ones who have remained at the research institutes. Proof of this, in the chairman's opinion, is the fact that, in the period just ended, more than 60 percent of the competitions through tender were won by small and medium-sized enterprises, while the proportion of winning tenders submitted by researchers in higher education, and at academic and industrial research institutes, has been declining steadily.

Otherwise, more than a third (3.7 billion forints) of the 10.7 billion spent in 1993 was for the scientific infrastructure's development; 2.1 billion was awarded, on the basis of competitions through tender, for applied research and development projects; and 1.2 billion, for national projects. These national projects included objectives initiated from above, such as the development of nuclear waste disposal, food processing, distributed information processing systems, and automotive parts suppliers. The rest of the money was used to subsidize export and to gain patent protection abroad.

The system of competing for state aid through tenders was introduced in 1991. The OMFB chairman cites the following figures in support of the system's success: 51 percent of the winning tenders found practical application within a year, 10 percent are in the process of being applied, and only about 12 percent may be rated as failures. These results are better than the standards adopted worldwide. (Of course, it is an entirely different question that the committees of experts appointed by the state might have been too strict because of the large number of contestants and the limited resources available; or how far the relatively small amount available per contestant can be stretched; or whether state aid is not being distributed too widely.) In most cases the OMFB does not provide a full grant, only an interest-free loan to cover 50 percent of the project's cost. This, according to Erno Pungor, does not create any problems, because the system of competing for state aid through tenders assumes strong capital backing for each project's practical realization. In Erno Pungor's opinion, the system of competing for state aid is not subjective, expensive or slow. The large number of participating experts and the openness of the process, he claims, rule out subjectivity; the costs of the competitions do not exceed 1 percent of the total state aid; and the competitions are decided within three months on average.

The OMFB chairman regards the past four years as successful also from the viewpoint of establishing international relations and participating in international

projects. He views failure to enact an Innovation Law as the only failure—the National Assembly merely approved the government's innovation policy, in May 1933. He believes that the main cause of this failure was that many institutions engaged in basic research feared the establishment of an independent ministry of research and development; furthermore, that narrow fiscal considerations determined the government's economic policy. The Academician, who is now 71, worries about the expected curtailment of the OMFB's independence, not because of what is to become of him personally, but far more because international experience, as he claims, supports the exact opposite—the existence of an independent central agency.

Incidentally, the recommendations that the OMFB has presented to the new government include the following: the retention and perfection of the evolved system of competing for state aid through tenders; the completion and further development of the international projects; and the fostering and further expansion of international relations. But the OMFB chairman regards as most important that the new government do everything possible to put in place an arsenal of tools for innovation policy, in the interest of substituting economic stimulation for the fiscal approach, and of modernizing training and further training.

Police Said to Harass Hungarians in Moldavia

94CH0377A Budapest MAGYARORSZAG in
Hungarian 15 Jul 94 p 26

[Article by Levente Benko in Sfintu Gheorghe, Romania: "The Calvary of Csango Hungarians in Moldavia—Katalin Feher's Private School—The Record of the Proceedings and the Law"]

[Text] In 1959, by a single stroke of the pen, they discontinued teaching in the Hungarian language in every settlement of Moldavia, in which such teaching still existed. With that, 10 years after its introduction, teaching in the Hungarian language was discontinued in Csango [partly assimilated Hungarian minority in the Moldavian region of Romania] land, and from that point on, the 200,000 strong Csango Hungarian community was also prohibited from praying to God in the Hungarian language. The opportunity to learn the Hungarian language—the native tongue of Csango Hungarians—was restricted to within the family. After December 1989 hopes rose for once again letting Hungarians in Moldavia study in their native language. But Bucharest did not even want to hear about this, just as the Vatican did not want to hear about masses celebrated in the Hungarian language in Csango land. Nevertheless the struggle for preserving and sustaining the Hungarian native language began: Studies are now pursued privately.

Leszped, along Beszterce [Bistrija], is a pure Hungarian settlement with 4,000 inhabitants. Better said, the way they say it there: it is a Csango Hungarian settlement.

Only the people involved in education, the policemen, and a few families that settled there are Romanians. Retired skilled worker Jozsef Fazekas, and Katalin Feher, an unemployed weaver from the textile mill in the City of Buhusi [?Husi] in Bako [Bacau] County teach the Hungarian native tongue to 43 Csango Hungarian children from Leszped letter by letter, sentence by sentence.

Katalin Feher, or as they simply call her: Aunt Kati, works with 12 children. The children go to the "Hungarian school" operated by Aunt Kati after classes, in her home. Aunt Kati, and her younger cousin Anna, support themselves from a 20,000 lei per month social supplement; this is "support" paid by the state after eligibility for unemployment compensation benefits expires. The Association of Csango Hungarians of Moldavia, the RMDSZ [Democratic Union of Hungarians in Romania] Udvarhelyszek [Romanian name unknown] chapter, and the Csango Hungarian Foundation of Beszterce keep in constant touch with the people of Leszped, too, and provide note books, paper, writing utensils, and books to those desiring to study in their native language.

Interrogation

In March 1993, Sergeant Munteanu Costica summoned Kati Feher to appear at the Gireni police station in the center of the village.

"It happened on 28 March," Kati says. "They questioned me for three and a half hours as to why I kept busy with this group of children, and why I was teaching them the Hungarian language. I responded by saying that I am teaching these children Hungarian because we are Hungarians, and the children, too, are Hungarians; they should know how to spell their names in Hungarian, and they should be able to find their way if they travel to Transylvania or to Hungary. The policeman wrote in the record of proceedings something that was different from what I said. He argued that I was inciting dissent among Catholics. This is not true, because I am teaching the children their native language, because we are Hungarians. I have children with names like Toth, Balint, Sipos, Laszlo, Feher, Farkas, and Fazekas. What are these children, if not Hungarians?"

The record prepared by the police indicates that the authorities "possess information" about Kati Feher, "according to which she is inclined to incite Catholics in the village of Leszped, while she claims that she intends to start a Hungarian language course at her home for a group of 10 children. She was told never again to incite dissent among the people, and in case she wanted to start this course, to seek approval from the Bako County school superintendency." Thus the handwritten text, followed by the standard text: "At the same time we warn her that if she disregards the above in the future, and continues to violate legally established rules, we will impose fines, or, if necessary, we will file a complaint against her."

The wording used, and the intent of the police were clear: They wanted to stigmatize Katalin Feher. They will take

additional steps, and they might take her to court if she continues to teach the children. This is a perfect example of a multi-phase intimidation process.

"She Incites Dissent"

The day after the interrogation Kati Feher wrote a letter to Wolfgang Eberhard Wittstock, the chairman of the Human Rights, Religious and Minority Issues Committee of the Romanian parliament. In the letter she described in detail the event that transpired, including the fact that she taught at her home without compensation, and that her teachings were limited to the Hungarian alphabet and grammar. She also stated that she had to start anew teaching the Hungarian language this way, because the Bako County school superintendency did not authorize three to four hours per week of Hungarian language classes at the Leszped school, even though the Ministry of Education provided a positive response to a petition signed by 135 parents in Leszped, requesting the introduction of Hungarian language teaching.

Imre Andras, the vice chairman of the above-mentioned committee, questioned then interior minister George Ioan Danescu three days after the interrogation. The human rights committee of the Ministry responded three months later: "In response to your letter to the House of Representatives, forwarded to us for action, we inform you that the employees of the Girleni police station had acted within the limits of their legal authority at the request of the local administrative authorities and the mayor, who 'maintains public order and the peace of the populace with the help of the police,' pursuant to Section 43. Subsection j. (of Law No. 69/1991—the author) concerning local government administration."

Feher continues: "I initiated court action because that record of proceedings did not contain the truth. I asked the court to annul that record of proceeding, so that no one harasses us anymore on grounds of our native language, our nationality, and our rights."

Come Next Week

Kati's lawyer came from Csikszereda [Miercurea-Ciuc]. He agreed to pursue the case free of charge. Despite my repeated requests, he refused to permit me to print his name.

"The cloven hoof is showing," he said. "This police record of proceedings is outrageous, it cries out to the sky. Had she not taught the native language of the indigenous Hungarian populace, but instead had taught the Japanese, Chinese, French, Spanish, or who knows what languages, Bako County would, most likely, not have punished Katalin Feher by using the police, but would, instead, have bragged by saying: 'There you have it, this is characteristic of us: we are making an opening toward Europe.' The record at issue is also null and void from a legal standpoint, because it fails to comply with a requirement established by law, according to which

documents establishing facts and imposing fines must cite the legal provisions violated by the 'offender,' as well legal provisions providing sanctions, or, in this instance, legal provisions that authorize the issuance of a warning. The record does not contain these citations, because nothing could be cited. The entire record lacks foundation. In addition, this record also violates articles of the Romanian Constitution with respect to the free expression of views and the right to assemble freely. I am confident that the court is going to accept Katalin Feher's complaint and will annul the police record. But how the judges feel about this, is yet another matter."

At the 17 June 1994 court hearing, Judge Botezatu had only one question to ask: "Is anyone going to be here at three o'clock when judgment is pronounced?"

There were no people at the given place and time at the Bako County Court. It was Friday, the weekend was about to start. A person who wandered around there shrugged his shoulder:

"Come next week...."

What Has Changed Since?

The Romanian periodical *AMICUL FAMILIEI* printed the following: "It is the unforgivable sin of our statesmen that they never bothered to romanianize this element, and that they left behind in the heart of Moldavia more than 200,000 people with a language and religion alien to ours. Minister of Religious Affairs and Public Administration Nicolae Cretulescu (...) please romanianize these Csango people, free them of their ugly name which they do not want to be identified by either, and they will be eternally grateful to you. The following actions should be taken: Let the superintendent gather and remove the children, and mainly the girls, who, after becoming mothers, would teach their children in the Romanian language; and second, priests from among the Transylvanian Romanians should be placed in all of their churches, in order to talk and read to these people in the Romanian language. We will have achieved our goal when the priests bless these people in the Romanian language, when the cantors sing in the Romanian language, and when mothers rock their children to sleep by singing 'Come here, mother's little baby' (Romanian lullaby—the author)!"

These words were written in 1880.

What has changed since?

Media Representatives Consulted on Media Bill

94CH0379B Budapest *MAGYAR HIRLAP* in
Hungarian 27 Jul 94 p 5

[Unattributed article: "Preparations for a Media Bill, With the Interested Parties' Participation"]

[Text] The culture and education minister and the justice minister have scheduled for Monday [1 August] a conference to gather comments and reach agreement on a

media bill. They have invited to the conference the authorized representatives of the following: the Office of the President, the parliamentary political parties, the executive committees of Hungarian Radio and Hungarian Television, the professional interest-representing organizations of the two electronic media, as well as the national associations of the commercial radio stations, local television stations, and cable networks. According to the two ministers' invitation, they would like to achieve, through talks, "a consensus already in the stage of drafting the bill."

At the same time, the ministers have also requested "all the professional organizations concerned" to send to the drafting committee, by the middle of next week, their comments regarding the outline of a bill on free radio and television broadcasting. The committee "will strive to make use of every suggestion."

However, there is no outline as yet; that is exactly what the invited representatives will begin discussing on Monday. Therefore, as the invitation itself suggests, the consulted organizations will only be able to sum up their experience of the earlier debates.

Otherwise the two ministries are anxious to hear particularly the comments of the following organizations: MTI; the Office of Copyright Protection; the Hungarian Post Office; the MUOSZ [National Federation of Hungarian Journalists]; the MUK [Hungarian Journalists Association]; the Newspaper Publishers Association; the Press Union; the National Association of Hungarian Creative Artists; the Association of Film and Television Actors; the Openness Club; the Hungarian Advertising Association; the Freedom of the Press Club; the Antenna Hungaria Rt.; the Office of Fair Competition; and Duna TV.

Opposition Criticism of Media Chief Appointments

94CH0382A Budapest MAGYARORSZAG in Hungarian 29 Jul 94 p 3

[Unattributed article: "A Portent of What Is To Come"]

[Text] Attila Zsigmond (MDF [Hungarian Democratic Forum]), deputy chairman of the National Assembly's Cultural Committee, told MAGYARORSZAG that in the broken-off media talks the opposition had definitely insisted on maintaining the two public-service TV channels and the present radio stations of a similar nature, as well as on retaining Duna TV in its present structure. This latter topic is interesting also because, according to the new government's program, Duna TV can be retained "only after its reorganization and adaptation to statutory requirements." To the MDF's knowledge, incidentally, Hungarian TV President Adam Horvath is also in agreement with maintaining the two public-service TV channels. (It will be remembered that the coalition plans to limit public-service TV to one channel, and to privatize parts of Hungarian Radio.)

The current appointments will expire when the Media Law is enacted. In Attila Zsigmond's opinion, however, this will not necessarily mean entirely new people at the two institutions' helm. In the program of the newly appointed presidents and vice presidents, however, there are also heartening guarantees. At the same time, if the government lives up to its present promise and rescinds "the truly obsolete and very flawed decree" issued in 1974, every kind of oversight of the two electronic media would cease, and only the persons of the appointees would guarantee further impartiality. Once that decree is rescinded, the government would be able to change at any time the two institutions' rules of organization and procedure.

At the media talks the four opposition parties wanted to proceed from a system of guarantees to personnel questions. Contrary to earlier reports, at the talks they proposed not only that Radio Petofi and the second TV channel become outlets for airing the opposition's views. They also brought up the version under which the opposition parties would have had the right to nominate the two vice presidents of Hungarian Television, and the president of Hungarian Radio. The proposal that impartial supervisory boards be established at Hungarian Television and Hungarian Radio, at least until the Media Law's enactment, was likewise based on a consensus of the four opposition parties.

Gyorgy Fekete (MDF), a member of the Cultural Committee, explained that the coalition's standpoint erred in claiming that the opposition had wanted political transmitters of its own. It merely would have liked to provide scope for views contrasting with those of the government. On personnel questions, the opposition parties proposed at first separate nominees for the top positions at Hungarian Television and Hungarian Radio. Each of the seven or eight persons they proposed is in some contact with some ruling party, but their persons would have guaranteed impartiality. The opposition's work was made more difficult by the fact that the candidacies of some of the media chiefs whom the Cultural Committee subsequently found acceptable had become final only five days before their questioning by the committee. Until then, for instance, the SZDSZ [Alliance of Free Democrats] and the MSZP [Hungarian Socialist Party] had wanted Lajos Marton Varga to be Hungarian Radio's president. In the end the opposition parties agreed on Ferenc Glatz and Ferenc Kosa as their joint nominees for presidents of the two electronic media.

The argument is likewise invalid that the appointment of the two media chiefs occurred with the full support of the professional organizations concerned. On the day of the committee hearings, according to Attila Zsigmond, six interest-representing organizations released a letter expressing their grave reservations on this subject.

The fact that Gyula Horn subsequently did not withdraw his suddenly signed submission of the media chiefs'

names to the President clearly shows that the opposition was needed merely to preserve the semblance of a consensus.

The governing coalition would like to enact the Media Law already in the first half of the National Assembly's autumn session. Attila Zsigmond announced that the MDF, too, wants a law that will last longer than the present National Assembly's life. The conservatives will not change their views merely because their situation has changed. Thus they will support a bill that comes close to their views. But if they experience any method similar to the ones employed at the present media talks, then the prospects of reaching a consensus will be slim.

Authorities To Pursue Delinquent Contributors

94CH0379C Budapest NEPSZAVA in Hungarian
28 Jul 94 p 1

[Article by Katalin Palfy: "Social Security Is Fighting for Its Money"]

[Text] According to the latest reports, the social security boards' receivable past due have increased to 182 billion forints. The largest part of this debt, 121 billion forints, is owed by the business sphere. Since 1992, the social security boards have been granted authority to levy distress and execution directly. As a result, 13.8 billion forints of receivables past due were collected last year, and 6.7 billion forints have been collected so far this year.

At the news conference of the National Health Insurance Board held yesterday, it was announced, among other things, that the social security boards have been striving for more than three years to stop being the cheapest sources of credit in the Hungarian economy.

The growth of their receivables past due is truly spectacular: the total has increased from 23.914 billion forints on 31 December 1990, to over 180 billion forints today. In all, 16,000 business establishments are delinquent in their social security contributions; 49 percent of them have not paid any contributions for more than 12 months.

Since October 1992, the Social Security Pension Board and the National Health Insurance Board have been granted authority to levy distress and execution directly. There is a separate main department concerned with collecting the two boards' receivables past due. The main department's annual operating cost is 220 million forints. The average monthly pay of the 300 bailiffs attached to the main department is 30,000 forints. In exchange for these costs, the bailiffs collected 13.8 billion forints of receivable past due for the two social security funds last year. By July of this year they have collected 6.7 billion forints; the annual plan calls for collecting a total of 12 billion forints. Many of the enterprises that owe between 55 and 60 percent of the total outstanding are in bankruptcy proceedings, during which distress and execution cannot be levied against them. With other enterprises the boards have concluded

installment and rescheduling agreements. Experts estimate that between 30 and 35 percent of the total debt, about 60 billion forints, is realistically collectible.

The managers of the collection main department say that it is impossible to withdraw 180 billion forints from the economy. What they would like to achieve by all means is that henceforth failure to pay social security contributions not be regarded a venial sin. They denied that interest and penalties on overdue payments account for much of the total owed. Interest and penalties amount to 35 billion forints, which is 19.4 percent of the total owed.

As announced at the news conference, talks are under way with the MAV [Hungarian State Railways], the biggest delinquent. Currently it owes the social security boards 19 billion forints. The boards would like to include the government in the settlement of this debt, since the MAV is a state-owned firm.

The managers of the collection main department are cautiously optimistic, because the latest figures show that the growth rate of receivables past due has slowed down.

New Law on Mayors' Double Role Criticized

94CH0373A Budapest MAGYARORSZAG in Hungarian
22 Jul 94 pp 4-5

[Report on interview with Dr. Gyorgy Gemesi, chairman of the Association of Hungarian Local Governments and Representatives; place and date not given: "Local Governments' Significance Could Diminish, Their Organization Believes"]

[Text] After stormy debate, the National Assembly removed the incompatibility of serving simultaneously as both member of parliament and mayor. Before the vote, the Association of Hungarian Local Governments and Representatives (MOSZ) expressed its disapproval of the amendatory bill regulating some questions of serving as mayor.

In its statement, the MOSZ expressed its opposition in principle to the bill. In the association's opinion, occupying a seat in the National Assembly and simultaneously serving as mayor is debatable for both theoretical and practical considerations. We interviewed MOSZ Chairman Dr. Gyorgy Gemesi about the background of the association's protest.

"If we weigh the practical considerations," he said, "we have to admit that a mayor who is also a member of the parliament will be unable to fulfill entirely his duties as mayor. Not to mention the policy to concentrate more duties in the purviews of the heads of local governments, which will involve extra work for them. In this situation one should not be surprised if local residents resented their mayor's absence on legislative business, because there is nothing the residents could do about it. For it is not possible to recall a mayor, in the same way that MP's cannot be recalled."

In the MOSZ chairman's opinion, the bill allowing a deputy mayor to take over administration of a settlement's affairs could diminish the local governments' present significance. "Then why is there any need at all for a mayor?" he asks. In such cases it would be necessary to provide for the mayor's substitution, whereby a local government would incur additional costs, he adds.

He does not believe that MP-mayors would solve the representation of local-government interests. Of course, many people feel that "close to the hearth" they would better be able to lobby for a given local government's interests. But one must also realize that the principles of asserting local-government interests will not always be in agreement with the central government's plans. In case of conflict between the former and the latter, what would the mayor support? The local interest or party policy? Furthermore, not every mayor would become an MP. Consequently, many settlements would find themselves at a disadvantage, because they would be able to assert their interests only locally. But that could jeopardize the assertion of local-government interests in general, the MOSZ chairman added.

At the end of its statement the MOSZ comes up with a compromise solution: let MP's become mayors only in those settlements where the mayors, according to the laws already in force, may only serve voluntarily (i.e., without pay), on a part-time basis.

When asked whether the MOSZ would petition the Constitutional Court if the amendatory bill became law, Dr. Gyorgy Gemesi explained it was not an interest-representing organization's task to challenge the constitutionality of a law; the politicians were the ones who would have to decide whether to do so. "We have in view only the interests of local governments and do not examine whether the amendatory bill is or is not constitutional. But the fact is that the situation which has evolved is not conducive to fulfilling entirely the local governments' functions."

There are now 18 mayors sitting in Parliament, but their number could multiply after the local elections. The standpoint supporting small settlements may be regarded as natural. After all, such settlements are the ones least able to have their say in decision-making. But will not the small settlements again be at a disadvantage in comparison with the cities, whose representatives also approve of this decision? For one must admit that the waves of dissatisfaction must be abated first in settlements with many residents. That is where the available money must be channeled first of all. Other settlements might be considered only thereafter.

And it is useless to cite foreign examples to illustrate that the two offices are mutually compatible. In a democracy that has been in existence for several decades, everyone knows his own role. In our country, however, the proliferation of corruption and the absence of a sense of public

service can sometimes make life hell even for a full-time mayor. Until a radical change occurs, similar decisions can only hamper the sound development of settlements.

Compatibility of Mayoral, Deputy Jobs Defended

94CH0373B Budapest MAGYARORSZAG in
Hungarian 22 Jul 94 p 4

[Unattributed article: "Half the Members of the Parliament Could Become Mayors"]

[Text] "Those who now are talking about incompatibility are the very same people who earlier had been ministers or state secretaries (i.e., at the pinnacle of executive power) and simultaneously also members of the parliament," Ferenc Wekler told our reporter. According to the director of the SZDSZ [Alliance of Free Democrats], if these persons had been able to remain legislators then, their objections now are frivolous. The separation of powers is not inconceivable, but it could be implemented only consistently and completely.

In Ferenc Wekler's opinion, mayors currently do not wield any executive power of their own, because the municipal councils determine how much authority they delegate to their respective mayors. Although the ruling coalition is now planning to ensure a certain broader scope of authority for the mayors as well, the mayors will remain subordinates of their municipal councils until the new laws will have been enacted.

In Western democracies, ranging from Italy to Germany and France, it is customary for people with experience of local politics to advance to national politics. Should a mayor in Hungary prove physically unable to handle both jobs, he would have to resign from one of them, the party director felt. The workload a given mayor is capable of handling depends on his personal traits, his team of experts, and his relationship with his executive council. The size of the settlement whose mayor is also a member of the parliament, and its distance from Budapest are also important considerations. "I too believe it will be difficult to undertake both jobs simultaneously, and many mayor-MP's will probably resign one job or the other," the SZDSZ MP added. "In spite of this, there will be many mayor-MP's who will be able to fulfill both jobs simultaneously."

According to Mr. Wekler, it would be fortunate if mayors were finally able to form a local-government lobby in the parliament. The rules of the game at present are such that "if somebody lobbies for his own village, he is doing so also to improve the entire system at the same time." The objection of an ex post reinterpretation of the law is likewise invalid. Anyone running in the latest parliamentary elections was familiar with the program of the SZDSZ and MSZP and knew that they would change the rules on incompatibility. Most of the mayors who ran in the elections did so in full awareness of this fact, and they—rightly so, in Ferenc Wekler's view—also

informed the voters about it in the course of the election campaign. Incidentally, in the coming local elections the voters will be able to immediately express their opinion on whether the new system is good or bad, already by not reelecting their mayor-MP as mayor.

"I would not mind if even half of all MP's were elected mayors. That would prove that the National Assembly's prestige has risen, and that people trust their legislators," Ferenc Wekler said. In spite of this, he is not concerned that too many MP's will be elected mayors, because MP's generally are not so popular, as also the 1994 parliamentary elections showed.

The National Assembly voted down an amendment introduced by Miklos Csapody (MDF [Hungarian Democratic Forum]), according to which mayor-MP's would

have been able to collect salaries for only one of their positions. Consequently, they will be paid two salaries in the future. On this issue, Ferenc Wekler believes, each mayor-MP's own conscience would have to be his guide on what is ethical; and it is not mandatory to accept both salaries. On the other hand, the municipal councils determine the salaries of their mayors. If the municipal councils feel that the parliamentary salaries provide remuneration for their mayors, the councils could in principle set a low salary for them, because there is no regulation specifying the mayors' minimum salary. At the same time Ferenc Wekler doubts that the mayor-MP's who are not reelected mayors in the local elections will be able to collect the equivalent of six months' salary as severance pay.

Walesa Says Zacharski 'Cannot Return' as Chief
LD2708083994 Warsaw PAP in Polish 0713 GMT
27 Aug 94

[Text] Warsaw, 27 August—Our involvement in European structures is an issue requiring joint action; if we talked about it together it would be more effective, President Lech Walesa said, leaving Warsaw this morning for festivities at Banska Bystrica marking the 50th anniversary of the Slovak Uprising.

At the president's initiative, talks of central European leaders will be held during the festivities.

"It is inadmissible that there is 20 minutes to prepare a subject, because the Sejm decides to introduce an item that was not anticipated—there cannot be such procedural anarchy", the president said, commenting on the rejection of his veto against the sugar bill by the Sejm yesterday in spite of a letter by Lech Falandysz from his chancellery to the Sejm speaker asking for this item to be dropped from the agenda.

Asked by journalists whether he would be prepared to accept the arguments by the minister of internal affairs and to accept Marian Zacharski for the post of the UOP [State Protection Office] head of intelligence, the president replied: "Zacharski cannot return", as it would hamper Poland's contacts with the West. "I understand the national pride, I understand that we control our own affairs, this is true, but we can feel good in certain company and we can also feel bad... We are a medium-sized country and we cannot afford not to understand other people, friends in particular," the president explained.

"Here there will be no other decision and even after 20 terms of office, I shall not sign the law, the president said when asked what he would do if the Sejm overturns his veto against the Penal Code amendments liberalizing the abortion regulations. The president did not specify whether he would file a complaint to the Constitutional Tribunal, if the veto was overturned, or by refusing to sign the law would he stand before the State Tribunal. "Everything in keeping with the law, but at the same time in accordance with conscience", Lech Walesa said.

Sejm Rejects Presidential Veto on Sugar Industry
LD2608172794 Warsaw PAP in Polish 1636 GMT
26 Aug 94

[Excerpt] Warsaw, 26 Aug— At today's session the Sejm rejected the presidential veto on the sugar industry, and again passed the law on the regulation of the sugar market and on ownership transformations in the sugar industry. The law was passed with 246 deputies voting for, 63 against, and with 16 abstentions. The required two-thirds majority was 216 votes. [passage omitted]

Bujak Says Walesa Did Not Deposit Foreign Gifts

WS2608122994 Poznan WPROST in Polish 28 Aug 94
p 13-14

[Interview with Zbigniew Bujak, chairman of the Sejm Administration and Internal Affairs Commission, by Jerzy Slawomir Mac; place and date not given: "A Collective Keyboard"]

[Excerpt] [passage omitted] [Mac] Do you think that politicians in Poland have clean hands?

[Bujak] When it comes to the top political circles—yes. It is fortunate that in this overall confusion, we can still trust those who are the leaders of our political scene. That does not mean, however, that there are no ambiguous situations. Everybody knows that President Walesa has in the past received many foreign awards. The Foreign Currency Law imposes an obligation on him to deposit the money with domestic banks. This is not, however, what Walesa did. I can understand that the president—as he himself has once told me—is afraid of what might happen in Poland and the resultant negative effect it could have on his money. In that situation, however, how can we hold it against others for conducting various illegal financial transactions? That does not mean, however, that the president has in fact stolen something, or that he is trying to build some form of Mafia arrangement. [passage omitted]

Kolodko Says London Club Agrees To Cut Debt

LD2708191494 Warsaw TV Polonia Network in Polish
1730 GMT 27 Aug 94

[Text] Finance Minister Grzegorz Kolodko has said that the London Club will reduce Polish debts by half. Poland owes over \$13 billion to several hundred private banks that belong to the London Club.

Our debts to the London Club are made up of over \$8 billion of the main debt, almost \$4 billion in unpaid interest and over \$1 billion in commercial loans. After almost four years of negotiations it has been possible to bring about a reduction in the debts, which is beneficial for Poland.

The talks gained pace when the chairmanship of the so-called London Club was taken over by the Dresdener Bank. Of the 500 commercial banks to which Poland owes money, 495 have already approved Poland's plan to have part of the debts converted into bonds, some of which would be bought back by Poland.

[Begin Kolodko recording] Yesterday we succeeded in reaching an agreement that as many as 99 percent of our creditors will opt to buy part of the debts. That is after 14 years of abnormal financial relations with the world, in the next few days we shall sign a final agreement, so this historical accord with regard to the normalization of Poland's financial relations will take place. [end recording]

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[Correspondent] After the negotiations conducted so far it was decided that a quarter of the debts would be bought by the end of October. For one dollar of the main debt we shall pay 41 cents and the rest of the debt will be turned into bonds.

The Ministry of Finance estimates that about \$2 billion will be needed to buy the debts and pay off interest. Part of Poland's hard currency reserves and loans from the World Bank and the IMF will be earmarked for this purpose.

[Begin Kolodko recording] All day today we have been working on the guidelines for next year's budget. In the column showing expenditures there is an entry for 17 trillion zloty for this purpose. [end recording]

[Correspondent] The final agreement will be signed 13 September.

MSW Moves, Minister's Possible Dismissal Viewed

WS2608113794 Warsaw TRYBUNA in Polish
26 Aug 94 p 1

[Report by Anna Kwiatkowska: "A Game Surrounding MSW; A Change of Guard?"]

[Text] *The Sejm Internal Affairs Administration Commission has invited Internal Affairs Minister Andrzej Milczanowski to take part in the commission's extraordinary session scheduled to take place next Tuesday. The minister is to present a report on personnel moves in the Internal Affairs Ministry [MSW]. As TRYBUNA has learned unofficially, a vote of "no confidence" for the minister may be submitted during the commission's session.*

According to Zbigniew Bujak, the commission's chairman, the following two issues will be the most important ones on the agenda: One is a fact of the past (the appointment of Marian Zacharski as intelligence chief), whereas the other one is the issue of a candidate for the post of national police chief. "The situation within the Office of State Protection [UOP] results in a decline in the moral authority enjoyed by the institution,

as well as a decomposition of the intelligence services," Sejm Deputy Bujak has told TRYBUNA. According to Bujak, Minister Milczanowski will not succeed in retaining Marian Zacharski as intelligence chief. What the appointment did do, on the other hand, was damage the rapport among the president, the prime minister, and the MSW chief. "Such a situation"—Zbigniew Bujak told us—"could possibly lead to the minister's dismissal." The chairman of the Sejm commission is of the view that the issue of the protracted lack of appointment of a national police chief, is also detrimental to the ministry.

There is unofficial talk in the Sejm about two possible candidates for the ministerial post: Among the names being mentioned is Mieczyslaw Wachowski, currently a minister of state in the President's Office, and also current UOP chief Gromoslaw Czempinski. Sejm Deputy Tadeusz Kowalczyk (Non-Party Bloc in Support of Reforms) is being mentioned as a candidate for a deputy minister.

It looks as though the current maneuvers surrounding MSW are just another element in the presidential election campaign. There has been talk for a long time now, that two factions have been clashing in MSW: A presidential faction, and an apolitical one. According to Sejm Deputy Jerzy Dziewulski (Democratic Left Alliance), one should be amazed at the fact that even though Minister Milczanowski took a break from his vacation to deliver a report on the Zacharski appointment, Gromoslaw Czempinski—who had signed the nomination—continues to say nothing. There is talk inside MSW that among the supporters of the decision to appoint Zacharski as intelligence chief, were Minister Milczanowski and Deputy Minister Henryk Jasik, whereas Gromoslaw Czempinski is said to have been skeptical about the candidacy.

There is no doubt that this storm surrounding MSW—another in a series—does not serve the ministry's interests well. It turns out, however, that political considerations prevail over substantive ones. The stakes in the game surrounding MSW are high. We could one day find out how high they really are.

Karadzic Threatens UN Troops, Foreigners

AU2908110494 Hamburg DER SPIEGEL in German
29 Aug 94 p 137

[Interview with Bosnian Serb leader Radovan Karadzic by unidentified DER SPIEGEL correspondent; place and date not given: "Without Any Consideration"]

[Text] [DER SPIEGEL] Greater Serbia remains your goal, this is something you have in common with Serbian President Slobodan Milosevic. However, your adoptive father in Belgrade wants to accept the latest peace plan for Bosnia. Why do you refuse?

[Karadzic] The international peace mediators must finally understand that we will never accept their suggestion for division. We want our own state and we have never been in a better position than we are now. Giving in would be giving up.

[DER SPIEGEL] Milosevic is of a different view. He threatens you with tougher sanctions and calls you a war profiteer. Is this the beginning of a fraternal war among Serbs?

[Karadzic] No. But there is a reason for the admonition on our flag: Only unity can save us. I believe that the primary matter here is ideology. Milosevic has long criticized us for our disobedience. Basically, he is a victim of our autonomous policy, because the world makes him responsible for all our decisions. We accept that Serbia cannot support us any longer.

[DER SPIEGEL] You do not feel left in the lurch by Belgrade?

[Karadzic] Of course, the accusations from Serbia are of a very low standard. They are indecent.

[DER SPIEGEL] Will you try to avenge yourself on Milosevic one day?

[Karadzic] No. I am neither interested in his ouster nor in an unstable Serbia. If our republic were united with the motherland, I would immediately withdraw from politics and leave the helm to Milosevic. I would be pleased to do so.

[DER SPIEGEL] However, for the time being you feel you are the sole winner in the Bosnian war and, therefore, you yourself want to make the decision about the territorial division?

[Karadzic] We have no intention of letting anyone tell us which areas to give up. That is our decision. We will neither permit the Muslims to link up their enclaves nor give up towns—if anything, we will give up sparsely populated areas so as to resettle the people afterwards. We have neither lost nor started this war and, therefore, we are not responsible for it. Therefore, we cannot be punished for it, either.

[DER SPIEGEL] But you cannot defend the 70 percent of Bosnian territory that your army is occupying now by military means at all.

[Karadzic] We can, without any problems. And if the Serbian people were indeed in danger, the Yugoslav Army and even Russian troops would come to help us.

[DER SPIEGEL] You once called the international Contact Group a mafia. Do you still believe in an agreement to be reached at the conference table?

[Karadzic] Some members of the Contact Group came to me and told me that this plan was put forward by the Americans, so we reject it. Otherwise, the United States would have had to send peacekeeping troops to the Balkans—and it likes to do that as little as getting involved in a NATO combat mission. The West does not want to have anything to do with this war anymore.

[DER SPIEGEL] How do you then assess the proposal by U.S. President Clinton to lift the arms embargo against the Muslims and to thus arm your military opponents?

[Karadzic] If the arms embargo is lifted, we will not adhere to one single resolution of the UN Security Council anymore. Then we will take Blue Helmet troops hostage, we will shoot down innumerable planes, and we will arrest all foreigners on our territory. We will really do everything that is to the advantage of our people, without any consideration for anyone.

[DER SPIEGEL] Do you want "all-out war," as you announced repeatedly in the past?

[Karadzic] We have weapons that we have not used in this war; we have military technology that the West does not know at all—for instance missiles that cannot be detected by means of infrared radiation.

[DER SPIEGEL] Now you are boasting. The UN commanders, above all the French, plan to withdraw from Bosnia if the latest peace initiative fails. Do you expect an escalation of the war in this case?

[Karadzic] Then the Muslims will disappear, and we will split Bosnia up between ourselves and the Croats, because they are in great danger without us. The Muslims would devour them, and the Croats know that very well. A Croatian-Serbian pact would be the ideal solution.

[DER SPIEGEL] Do you want to kill the remaining Muslims or keep them on reservations, like the American Indians?

[Karadzic] We Serbs will grant them a certain autonomy around Tuzla, the Croats will do so around Zenica. But that is it.

[DER SPIEGEL] The Muslims are currently making military progress. Are you not afraid that they might win further areas back?

[Karadzic] Even if they are given a nuclear bomb, they will lose this war in the end, because they are military failures.

Threatens Muslim Blockade

AU2708143194 Paris AFP in English 1015 GMT
27 Aug 94

[Text] Pale, Bosnia-Herzegovina, Aug 27 (AFP)—Bosnian Serb leader Radovan Karadzic has threatened to cut off all supplies to Bosnia's Moslem enclaves if Serbia continues its blockade against him and his people.

"We will apply complete sanctions against the Moslems. They will get no aid whatsoever as long as the Serbs are prevented from using their natural routes for transport and communications," he said in a televised address late Friday.

The Bosnian Serbs are already operating a blockade of all land routes into Sarajevo.

Karadzic made the declaration on the eve of a referendum in the self-proclaimed Srpska republic on the proposed international peace plan for Bosnia which is expected to be massively rejected by voters.

One of the consequences of this ballot could be a strengthening of international sanctions against rump Yugoslavia—Serbia and Montenegro—and, as a result, of the embargo decreed on August 5 by Serb President Slobodan Milosevic against the Bosnian Serbs.

The international community wants observers to be posted along the border between Serbia and Serb territories in Bosnia to check the embargo is being enforced. To date Milosevic has rejected these demands.

Early Results Say Serbs Rejected Peace Plan

AU2908101994 Paris AFP in English 0942 GMT
29 Aug 94

[Text] Pale, Bosnia-Herzegovina, Aug 29 (AFP)—Bosnian Serbs have rejected the international peace plan by an overwhelming majority of more than 90 percent, according to early, partial unofficial results from the referendum last weekend, Bosnian Serb radio reported Monday.

In Starcevic, in the northwest city of Banja Luka, a total of 94.4 percent of voters rejected the plan against 4.81 percent voting for it, the head of the electoral commission Radoslav Grujic said, according to the radio report. The remaining votes were apparently spoilt ballots.

Turnout in the three polling stations in the constituency was 72.69 percent.

The radio said that in six other districts the percentage of voters rejecting the plan was running at between 96 and 98 percent, with turnout from 74 to 97 percent.

Official Results Due 1 Sep

LD2708094194 Belgrade TANJUG Domestic Service in Serbo-Croatian 0839 GMT 27 Aug 94

[Excerpt] Pale, 27 Aug (TANJUG)—A two-day referendum on the international Contact Group proposals for Bosnia-Herzegovina began in all 82 municipalities in the Srpska republic this morning.

At approximately 4,500 polling stations, which are open between 0700 and 1900 today and tomorrow, voters should give their reply to the referendum question on the proposed maps of territorial division of Bosnia-Herzegovina.

TANJUG has been told by Petko Cancar, chairman of the central referendum commission, that unofficial results will be known in a day or two after the voting, and once complete they will be handed to the president of the Srpska republic and the people's assembly.

Practically speaking, they will be made public only after the parliament has voiced its stand on them; the assembly session should be held by 1 September at the latest. [passage omitted]

High Voter Turnout Reported

LD2808163694 Belgrade TANJUG Domestic Service in Serbo-Croatian 1447 GMT 28 Aug 94

[Text] Pale, 28 August (TANJUG)—The plebiscite on the Contact Group's maps on territorial delineation in former Bosnia-Herzegovina continued today in the Srpska republic's 82 municipalities.

According to unofficial estimates announced this morning, the referendum is a success.

President of the central commission for the implementation of the referendum Petko Cancar has said that "more than half of the total number of registered voters, numbering one million and several hundred thousand, voted yesterday [27 August]." He said that this meant the referendum was already a success.

He specified that 45 percent of the registered voters had cast their ballots in five municipalities yesterday, while the percentage was higher than 50 percent in the other municipalities where the turnout percentage varied from 60 to over 90 percent.

The data should be computer-processed tomorrow [29 August] and submitted to the Srpska republic national assembly, when they are expected to become accessible to the public.

According to Cancar, the parliament session will take place by 1 September the latest.

Cancar disclosed in a statement for Banja Luka radio that more than 80 percent of the voters in 63 out of the 82 municipalities in the republic had cast their ballots by the morning of the referendum's second day.

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The highest turnout, according to TANJUG's correspondents, was registered in places which the Contact Group's plan had not included in the Serb-controlled territories.

Report on Referendum, Karadzic, U.S. Threat

AU2708175794 Paris AFP in English 1726 GMT
27 Aug 94

[By Michel Viatteau]

[Text] Pale, Bosnia-Herzegovina, Aug 27 (AFP)—Bosnian Serbs began voting Saturday [27 August] on an international peace plan which they are expected to massively reject in defiance of pressure from Belgrade and threats from Western powers to arm their Moslem and Croatian enemies.

As the two-day referendum got under way, Bosnian Serb leader Radovan Karadzic threatened to take UN peacekeepers hostage and jail all "foreigners" found on Serb-held territory in Bosnia if arms began to flow to Moslem-led Bosnian government forces.

Washington has threatened to lift the embargo unilaterally from October, a move made more likely after discussions Friday between a top U.S. military official and Bosnian leaders.

The two main countries staffing the UN Protection Force (UNPROFOR) in Bosnia-Herzegovina—Britain and France—have said they would not oppose such a move.

London and Paris have however said they would pull their peacekeepers out, and it is widely feared that ending the embargo could lead to all-out war.

Some 4,500 polling stations opened at 7:00 a.m. (0500 GMT) throughout the self-declared Srpska republic.

Karadzic cast his ballot, flanked by his wife and daughter, and then declared he did not oppose peace itself, but the way the blueprint divided up territory.

The plan drafted by mediators from Britain, France, Germany, Russia and the United States would give Serbs, who now control 70 percent of the ex-Yugoslav republic, 49 percent of the land, while the Moslem-Croat federation would get 51 percent.

Karadzic told reporters: "We are for another map ... We want to create the maps, we want to influence what our state is going to look like.

"We will not let the Moslems link up their enclaves and we will not give up any town," he said.

In a newspaper interview Saturday in Bonn, he warned that if the embargo was lifted "we will take UN peacekeepers hostage, shoot down a lot of planes, and put all foreigners who are on our territory in prison."

In Pale, the separatists' stronghold just outside Sarajevo, voters lined up to cast their ballots just 15 minutes after a polling station opened in the cafeteria of a lumber mill.

Most voters did not bother to use a makeshift polling booth, but quickly circled "against" on their ballots and slipped them into a red boxes standing on a table draped in the Serb flag.

On the front lines, soldiers voted by dropping their ballots into envelopes held for them by their officers.

All voters questioned afterwards told AFP they opposed the partition plan. The official results of the referendum are not expected until late Tuesday or on Wednesday.

Belgrade, which wants the plan accepted so the United Nations will lift economic sanctions that have crippled Serbia's economy, on Friday banned Bosnian Serb refugees on its territory from voting in the referendum.

Belgrade shut its frontiers with its former ally on August 5 and halted aid.

Meanwhile, a senior U.S. military official met Bosnian leaders Friday to discuss the next steps the West could take and look at possibilities for lifting the arms embargo on Bosnia, a reliable source said.

General Wesley Clark, chief of policy and planning for the U.S. Joint Chiefs of Staff, told the Bosnians that if the embargo is lifted, weapons will only be provided to recognized military institutions of the Moslem-Croat Federation created in March under U.S. auspices, the source said.

They would not just be given to the Bosnian government, he added.

Fears have been expressed that if the UN Protection Force were to pull out of Bosnia in the event of a lifting of the embargo, fighting might break out again between the mainly Moslem Bosnian army and the separate Bosnian Croats forces in central Bosnia, particularly around the town of Vitez.

Diplomatic sources said later Clark flew to the heart of Bosnian Serb territory Saturday for surprise talks with the separatists' military commander, General Ratko Mladic.

The sources said any meeting between Clark and Mladic was likely to be seen as controversial in the United States, where Mladic is widely considered to be a war criminal.

Clark undertook the trip so as to maintain the appearance of impartiality, UN sources suggested.

Karadzic Denies Promising To Accept Peace Plan

LD2608222294 Belgrade TANJUG Domestic Service in Serbo-Croatian 2203 GMT 26 Aug 94

[Text] Sarajevo, 26 Aug (TANJUG)—Radovan Karadzic, president of the Srpska republic, said in a

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statement for Serb radio and television in Pale that he "never promised" the Serbian leadership to accept the plan proposed by the Contact Group, SRNA agency reports.

"We were expected to accept the maps as a basis for the future peace process, and not for further talks, which would mean that we also accept constitutional arrangements," Karadzic said according to the SRNA report.

Izetbegovic Calls on Refugees To Return Home

LD2708135894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 27 Aug 94

[Text] President of the Bosnia-Herzegovina Presidency Alija Izetbegovic today addressed numerous refugees who were misled by Abdic's propaganda and left (their homes in western Bosnia). Here is a recording of President Izetbegovic's address to the [Cazin] Krajina people:

[Begin Izetbegovic recording] Dear Krajina people, your president Alija Izetbegovic speaking.

I am addressing you, who left your homes and are now experiencing hardships abroad. I am calling on you to return to your homes. I hope you will hear my message and that it will reach you. What was presented to you as autonomy was an obvious act of treason. Not every babo [father, nickname for Abdic] is a good babo. This babo pointed guns at his own people and struck up an alliance with those who killed our brothers in Prijedor near you, those who committed unprecedented crimes against your relatives, your fellow countrymen in [word indistinct] and Manjaca; they demolished mosques in Banja Luka and throughout Bosnia. Now you are being persuaded that they are better friends than we are. Can you believe this?

Abdic did all this because he only wanted power in Velika Kladusa. In this he forgot the people and the state—without that state there is no survival for our people, you from Velika Kladusa included. This is clear to every normal person. Think about the fact that Abdic and his clique are thirsty for power. They have betrayed the people and there is no turning back. They need you only as a shield. Therefore they have been deceiving you day in and day out; they are lying about prosecution in Velika Kladusa. They do not allow you to hear the truth. Be sure that the people in Cazin Krajina and your army will welcome you without any reproaching, and that you are not more welcome anywhere else [words indistinct] violence and injustice have been done.

Send your delegation to Velika Kladusa to check this up [words indistinct] for all apart from confirmed criminals. Those who have not stained their hands with innocent blood have nothing to fear. Criminals cannot return, but you can. Return to your homes immediately and without hesitation. Put an end to your suffering and the suffering of your children. Do it immediately, hear my words. [end recording]

Izetbegovic Extends Amnesty to Abdic Supporters

LD2708090994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2200 GMT 26 Aug 94

[Text] The fact that the truth about the events in Velika Kladusa and their consequences is reaching the international public despite fierce fascist propaganda by Fikret Abdic and his bosses, the chetniks, has been clearly confirmed by the visit of Mr. Nicholas Morris, special envoy of UN High Commissioner for Refugees for the territory of the former Yugoslavia in Sarajevo today. The news conference was also attended by our reporter Kenan Ekic:

[Begin recording] [Ekic] President of the Bosnia-Herzegovina Presidency Alija Izetbegovic emphasized that he is in permanent contact with officials in the [Cazin] Krajina and the embassy in Zagreb. He also recalled that the state had taken all the necessary measures to prevent the exodus of refugees and thus cannot be held responsible for it. What has happened is a classic example of Abdic's malicious propaganda. Even though we cannot contact the refugees directly at the moment, some refugees have started returning. The president particularly stressed today's activities to resolve this problem.

[Izetbegovic] I have contacted General Dudakovic and ordered him to safeguard entry to the officials of all authorities, that is, 10 to 15 members of the civilian police of the UN Protection Forces [UNPROFOR] to the territory of Krajina.

Second, the Presidency today extended the validity of the amnesty for all civilians and civilian military persons who were linked to Abdic until further notice. Finally, less than half an hour ago I contacted the chief of the EU observers' mission in Zagreb, Mr. (Turmayer), who had demanded a permission from me, that is, he sought approval to intercede on my behalf with the refugees and guarantee, that is, tell them that the amnesty has been extended and that there will be no persecution. I believe that after this they will reach the refugee camps via megaphones and convey via megaphones this message to the refugees.

I asked Mr. (Turmayer) to confirm, naturally, whether this is in his mandate, that there are truly no persecutions in the [Cazin] Krajina. There is no excessive behavior.

[Ekic] Haris Silajdzic, prime minister of the republic and the Bosnia-Herzegovina Federation, pointed out that the government has taken numerous measures to safeguard personal safety and the security of property on the territory of Velika Kladusa, and that he was joining in the president's appeal. Because the appeal has not reached the people set in motion by Abdic's squalid propaganda, in which the Greater Serbian propaganda machinery from the so-called Serbian autonomous region of krajina also played a significant role:

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[Silajdzic] We demand from the international community that it influence the Serb occupation forces to cease their propaganda and the exploitation of the people who left their homes under pressure; also that the international organizations there report objectively on the situation in Velika Kladusa, keeping in mind the propaganda that the media of the Serb forces of occupation are waging.

[Ekic] Nicholas Morris stressed that of more than 25,000 refugees, the same number would have returned to the Kladusa region given the freedom of choice and correct information [word indistinct]. He and his colleagues are hailing the measures of the Bosnia-Herzegovina Presidency and Government and stress that, based on the inspection of the situation in the region, one can conclude that the situation in Velika Kladusa is normal and that there are no repercussions.

He suggested that, according to all applicable international norms, neither Abdic nor the so-called representatives of Knin can misuse these exploited refugees and drive them into further war against their own country. Work on providing objective information to the unfortunate refugees is already under way.

President Izetbegovic at the end of the news conference especially thanked the Republic of Croatia for its constructive cooperation in the resolution of this problem, as well as the UNHCR and UNPROFOR. [end recording]

Izetbegovic Forces Holding 1,000 Abdic Fighters

LD2808185694 Sarajevo Radio Republike Srpske Program for Abroad in Serbo-Croatian 1730 GMT 28 Aug 94

[Text] The office of the International Committee of the Red Cross [ICRC] in Banja Luka has announced that the forces loyal to Alija Izetbegovic are currently holding around 1,000 fighters of the people's defense loyal to Fikret Abdic in prisons in Velika Kladusa and Bihac. An ICRC statement for Banja Luka media says that ICRC representatives requested access to the imprisoned fighters of the people's defense, but it does not specify whether they were granted the request and in what conditions the prisoners are held.

Abdic Rebels, 'Chetniks' Attack Bihac Area

LD2608215994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2000 GMT 26 Aug 94

[Text] The Serb aggressor is continuing to try at all costs to preserve the results of its aggression. This is also supported by today's report by Aida Omerovic:

[Omerovic] Abdic's rebels, aided and abetted by Abdic's chetniks from the so-called Serb autonomous region of Krajina, attacked the Bihac district during the day. Howitzers were fired from the so-called Serb autonomous region of Krajina at the (?Ogulica and Donje

Vidovske) areas and during the afternoon even multiple-rocket launchers were used. New, large-scale material damage was caused.

Siladzic Concerned Over Renewed Ethnic Cleansing

LD2808183794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 28 Aug 94

[Excerpts] The government of the Bosnia-Herzegovina Republic and Federation held a session in Sarajevo today. [passage omitted]

Prime Minister Haris Silajdzic spoke about resumed ethnic cleansing by the chetniks, in particular in the areas of Bijeljina and Banja Luka.

[Begin Silajdzic recording] The ethnic cleansing continues. [words indistinct] People are being dragged from their beds at night, taken away from their families, under most difficult circumstances. [words indistinct]

This is what is happening and unfortunately we cannot stop it. I believe that some very important decisions should be made regarding this, regarding these people and their fate, probably at a presidency session. Decisions regarding their fate should in my opinion be made in a different way and these people must not be left simply to face what befalls them, as they are now. They should be protected in some way, even if it means making some radical moves which have not been used so far. [end recording] [passage omitted]

Krajisnik: Milosevic Will Not Accept Observers

LD2808183294 Sarajevo Radio Republike Srpske Program for Abroad in Serbo-Croatian 1730 GMT 28 Aug 94

[Text] Momcilo Krajisnik, president of the people's assembly of the Srpska republic, has told the Serb news agency SRNA that he does not believe that Serbian President Slobodan Milosevic will accept the deployment of observers on the Drina because that would be a disastrous move with far-reaching consequences, and impossible to correct. This would amount to giving in to a blackmail whereby Serbia and Yugoslavia would lose their independence, Krajisnik added.

Speaking about the decision by the Assembly of the Republic of Serbia to approve the government's draft declaration on the Contact Group's plan, Momcilo Krajisnik said that the decision was not the best representation of the opinion of the largest part of the Serbian nation in Serbia. He specified that the decision was qualitatively not good enough to be binding for the whole nation [as heard].

Mladic Tells Rose Serbs Still Want Peace

LD2708162994 Belgrade TANJUG Domestic Service in Serbo-Croatian 1515 GMT 27 Aug 94

[Text] Banja Luka, 27 Aug—Colonel General Ratko Mladic, chief of the general staff of the Srpska republic

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army, met today with a delegation of high-ranking military officers, led by Lieutenant Colonel (Westley Clark), head of the department for civil and military affairs, and Gen. Michael Rose, UNPROFOR [UN Protection Forces] Commander for former Bosnia-Herzegovina.

The meeting was held at the request of Gen. Clark. The two sides discussed the establishment of peace in former Bosnia-Herzegovina, on which an agreement was reached [as received].

After the talks Gen. Clark said that "as soldiers we discussed general things, the past and the future, and that one could always discuss peace with Gen. Mladic."

UNPROFOR Commander Gen. Rose said he hoped "the peace process is open. UNPROFOR will do everything in its power to this aim."

Gen. Mladic said that "the peace forces were there to expand horizons and peace prospects [as received], so there can be an end to weapons and to war."

"The Serb side still wants to achieve peace; we have launched certain initiatives in this regard. I hope the great powers of the world—which have always favored peace and had been the allies of the Serbian nation in the past—will acknowledge these," Mladic said.

HDZ Sends Protest Letter to Muslim Leaders

LD2708144894 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 27 Aug 94

[Excerpts] The Croatian Democratic Union [HDZ] of Bosnia-Herzegovina is not satisfied with the speed with which the Washington agreement is being implemented. It wishes to considerably accelerate the creation of the Bosnia-Herzegovina federation, and it launched an initiative through talks between leaders of the HDZ and the SDA [Party of Democratic Action] to see that the agreement is implemented as speedily as possible. This statement came from HDZ leader Dario Kordic at a news conference in Mostar. Zdenko Vranjes reports from Mostar on this initiative and on the letter that Bosnia-Herzegovina Federation President Kresimir Zubak sent to Bosniak Muslim leaders in Bosnia-Herzegovina:

[Vranjes] Efforts on the part of the HDZ aimed at the creation of the Bosnia-Herzegovina Federation and its confederation with the Republic of Croatia are sincere and rational, said Kordic. [passage omitted]

As far as war-mongering is concerned, Bosnia-Herzegovina Federation President Kresimir Zubak was more specific. In the letter he sent to the Bosniak Muslim leaders today—Alija Izetbegovic, Haris Silajdzic, and Ejup Ganic—he drew attention to one of the incidents that are seen time and time again in Mostar and which involve the Muslim side. We neither wish to nor can be indifferent about an incident that took place on 9 August this year when Mostar's MM Radio between 2100-2400 hours transmitted statements aimed at provoking the Croat people—from appeals to ustasas to surrender, i.e.

surrender in five minutes, you are surrounded, to the intonations of the Croatian anthem with donkeys braying in the background, and other ways of belittling and insulting the Croats, Zubak says in his letter and adds:

Similar incidents have been repeated on several occasions in Mostar, where efforts are being made to normalize life under the EU protectorate. We have warned you about them and received promises they would not be repeated. We believe that the media war has never been, nor will it ever be, a good means of creating the badly needed trust between our people—i.e., a prerequisite for peace. This calls into question not only everything we have achieved, but also the very foundations on which better relations between our people can be built. I wish to express hope that you will eliminate the above-mentioned undesirable incidents, so that we could have one more argument in favor of mounting a more efficient action against certain weaknesses and failures on our side. In particular, we appeal to you, with due respect to all objective and subjective difficulties, to avoid using the excuse that those are individual cases beyond your control, as we no longer believe in these excuses, Kresimir Zubak says at the end of the letter he sent to Alija Izetbegovic, Haris Silajdzic, and Ejup Ganic.

Muslims, Croats Attack Serbian Defenses

LD2808155194 Belgrade TANJUG in English 1545 GMT 28 Aug 94

[Text] Banja Luka, Aug. 28 (TANJUG)—All Bosnian Serb defences around the town of Doboj in northern Bosnia were the target of Muslim attacks late on Saturday, Bosnian Serb army sources said Sunday.

No casualties were reported in Doboj, but the town had sustained considerable material damage.

Muslim forces also mounted a heavy artillery and infantry attack on Bosnian Serb positions north of Maglaj, but the attack was repelled and the enemy forced to retreat, the sources said.

Bosnian Serb positions on eastern slopes of Mt Ozren and in the southeastern part of the Teslic front also came under combined Muslim small arms and artillery fire.

During the night, Bosnian Croat troops repeatedly opened anti-aircraft and machine gun fire on Bosnian Serb positions 12 km southwest of Orasje, the Bosnian Serb army press center in Brcko said Sunday.

One Bosnian Serb soldier was wounded in the attack.

The same source said Muslims fired five 82-mm mortar shells on Bosnian Serb positions 4 km west of Gradacac.

Serbs, Muslims Sign Gorazde No-Shelling Accord

LD2808213794 Belgrade TANJUG Domestic Service in Serbo-Croatian 2124 GMT 28 Aug 94

[Text] Sarajevo, 28 Aug (TANJUG)—Nikola Koljevic, vice president of the Srpska republic, and General Milan

Gvero, assistant commander of the main headquarters of the Srpska republic army, signed in Gorazde today an agreement with the Muslim side on the cessation of sniper activity in the Gorazde region.

As SRNA has learned, the agreement obliges both sides to stop sniper activity, and the UN peace forces will supervise the observance of the agreement.

A no-sniping agreement was earlier signed for the Sarajevo area, but, according to the UN Protection Force's official reports, the Muslim side is violating it every day, SRNA says.

Delic Briefs U.S. Military Representatives

LD2608221894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2000 GMT 26 Aug 94

[Text] Bosnia-Herzegovina Army Commander General Rasim Delic held talks today with senior United States Army representatives General (?Clerk) and General (?Hanwell).

Gen. Delic took advantage of this opportunity to acquaint the U.S. generals with the current military situation on Bosnia-Herzegovina battlefields, the violation of the NATO ultimatum by the Serb aggressors, the progress in implementing the Washington, and the problems associated with the arms embargo which is adversely affecting only Bosnia-Herzegovina and its army out of all the countries of the former Yugoslavia.

Regarding the formation of the federal army, the army of the Republic of Bosnia-Herzegovina is taking—and is ready to continue doing so—steps to form a federal army on the clear bases and principles of the struggle for the territorial and state integrity of Bosnia-Herzegovina. Gen. Delic emphasized that in this process members of the army of Bosnia-Herzegovina are adhering to their clear principles and the previously agreed upon plans for the whole territory of Bosnia-Herzegovina.

Comments on Arms Embargo

AU2908104494 Paris AFP in English 1005 GMT 29 Aug 94

[Text] Sarajevo, Aug 29 (AFP)—The commander in chief of the Bosnian Army does not think Washington is prepared to unilaterally break the UN embargo on arms sales to Bosnia, he said in an interview published here Monday.

General Rasim Delic told the Sarajevo daily OSLOBODENJE he did not "believe in the unilateral lifting of the embargo."

Lifting of the embargo had to "pass the procedure in the (UN) Security Council," he said.

Washington has threatened to break the UN-imposed arms embargo on Bosnia if Bosnian Serbs, as expected, over the weekend voted to reject the international peace

plan for Bosnia and if the embargo is not lifted by the Security Council by October 15.

Putting pressure on the Serbs to fall into line, Russian Foreign Minister Andrey Kozyrev left Belgrade Monday for Sarajevo following meetings with Serbian President Slobodan Milosevic, Russian officials in Belgrade said.

Kozyrev was to hold talks with Bosnian President Alija Izetbegovic in Sarajevo and then fly to the Croatian capital Zagreb for a meeting with President Franjo Tudjman, the officials added.

Neither Milosevic nor Kozyrev gave any details of the discussions held in Belgrade Sunday but observers said they were certain to have focused on attempts to toughen up Serbian sanctions against the rebel Bosnian Serbs and on the placing of observers along the common border.

In his interview Monday, Delic said lifting the embargo was "the only way" for the Bosnian Moslems to defend themselves, given that the international community "is not ready to help" Bosnia-Herzegovina against the Serbs.

Delic meanwhile criticised British and French threats to pull their UN forces out of Bosnia in the event of a lifting of the embargo and a flare-up in fighting.

The peace plan proposed by the international powers, which Bosnian Moslems and Croats gives 51 percent of Bosnian territory and 49 percent to the Serbs, was "unacceptable" but the Bosnian Government had been forced to accept it because of the threat—"some sort of blackmail"—to withdraw the UN troops, the Bosnian commander said.

He meanwhile rejected weekend criticism by the Croats of the Bosnian army's commitment to cooperating with the Croats as agreed by the signatories of the Moslem-Croat Federation set up in March in Washington.

The Bosnian government forces had received "verbal support" but nothing concrete from the Croats, Delic said.

The Croats thought they could regain lost territory by negotiations with the Serbs and were not interesting in "liberating" mainly Moslem areas held by the Serbs, he said.

"That is the factor that makes merging of the two armies more difficult," he said.

In Sarajevo, meanwhile, a UN spokesman said Monday the Bosnian Moslems and Serbs had signed an agreement banning sniper fire around the town of Gorazde in eastern Bosnia.

UN spokesman Major Dacre Holloway said the agreement was signed by the local military chiefs in the presence of UN observers Sunday.

The agreement was similar to that which went into effect a week ago in Sarajevo which has cut sniper activity around the Bosnian capital, he said.

Kiev Declines Comment on Arming Bosnian Muslims

LD2608125794 Belgrade TANJUG in English
1139 GMT 26 Aug 94

[Text] Kiev, Aug. 26 (TANJUG)—A Ukrainian spokesman Friday declined to comment on a Moscow press report that Kiev is ready to arm the Bosnian Muslims if they are exempted from the U.N. arms embargo.

The Foreign Ministry spokesman declined to comment on the allegation presented in the Moscow newspaper SEVODNA two days ago that Ukraine disposed of 'a solid surplus of arms' and could within a short period arm several hundred thousands of Bosnian Muslim fighters.

The Moscow newspaper quoted sources close to the Ukrainian military leadership as saying the issue was under consideration and the United States was particularly interested in having Ukraine arm the Bosnian Muslims.

The paper said that Washington had in fact set this as a condition for Ukraine's entry into the European Union.

The Ukrainian Army, which had about 700,000 men at the time of the disintegration of the Soviet Union, now has less than half a million troops.

Ukraine has so far not been among the leading world arms exporters.

However, there have been quite a few reports from Moscow in the past several months about Ukraine's arms sales and preparations for arms sales to the warring sides in Bosnia-Herzegovina, too.

The U.N. Security Council imposed the embargo on arms deliveries to the former Yugoslavia in September 1991. The United States is pursuing an intensive diplomatic action with a view to having the Bosnian Muslims exempted from the embargo.

Serbs List Economic Losses Under Peace Plan

AU2608184394 Belgrade BORBA in Serbo-Croatian
25 Aug 94 p 6

["FoNet"-attributed report: "The Serbs Would Lose Everything That Is Worth Having"]

[Text] Pale—In yesterday's announcement entitled "Why We Cannot Accept the Map Offered by the Contact Group," drafted by Minister Miroslav Toholj, the Ministry of Information of the Srpska republic presented, in the form of theses, many reasons why the plan is harmful to the Srpska republic.

The following facts were listed in the integral text of the Ministry of Information of the Srpska republic:

—The Contact Group plan envisages that the Muslim-Croatian Federation (MHF) should be given all lead

and zinc ore deposits, 62 percent of bauxite deposits, 88 percent of salt deposits, 73 percent of magnesite deposits, all asbestos, 70 percent of dolomite, all potential oil fields, all brown coal deposits, and 88 percent of lignite deposits.

—Apart from the control over the largest coal mines in the Tuzla, central-Bosnian, and Mostar basins it already has, the Miljevina and Kamengrad brown coal mines should also go to the MHF.

—The Srpska republic (RS) should also surrender Ljubija, the largest iron ore mine, and Saso, the zinc and lead mine.

—Apart from control over the bauxite deposits in western Herzegovina, the bauxite mines in Jajce, Krupa on the Una River, and some of those near Milic are also being taken away from the RS and given to the MHF.

—The MHF is given the Klasnice and Majkici quartzite mines, the quarries at Krkojevci and Donji Kamengrad, all of which are in the Sanski Most Commune.

—The MHF will also be given the largest gypsum strip mine, Elezovac near Srbobran (Donji Vakuf), a big quarry including a lime factory near Dobo, as well as the only asbestos mine, the Petrovo Selo Mine on Mt. Ozren.

—The MHF is also to get regions in east Herzegovina and Posavina (Orasje, Samac, Odzak, and Brod) that have been proved by geological research to be potential oil fields.

—The MHF will also get 78 percent of the hydroelectric plants already built, 73 percent of usable hydroelectric potential, and 76 percent of thermoelectric facilities.

—The two largest thermoelectric power plants (Tuzla and Kakanj) and a number of smaller ones that are on the territory of the MHF total 1,957 MW [megawatt] and the RS possesses two thermoelectric power plants (Ugljevik and Gacko) with a total power of 600 MW.

The Map Is 'Cutting' the RS Into Three Parts

Compared to the hydroelectric power plants on the tributaries of the Neretva River (Jablanica, Oblakovac, Grabovica, and Mostar), Rama, and Capljina, all on the MHF territory and with the total power of 1,977 MW, the RS at the moment possesses only the hydroelectric power plants of Trebinje, Visegrad, Bocac (on the Vrbas River), and Jajce, with a total power of 842 MW. However, according to the maps, Visegrad and Jajce One and Two—with a total power of 445 MW will be taken away.

—The Mostar Aluminum Combine, the only two cement plants (Kakanj and Lukavac), the industrial works in Breza, Visoko, and Zenica, and the Tuzla industrial basin (the Soda-So Factory and the Koksara coking coal plant) will belong to MHF.

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—Regarding the special purpose military industry, all capacities extant belong to the MHF—the explosives factory in Vitez, the Travnik Bratstvo Factory, the Bugojno Slavko Rodic Factory, the Igman Factory in Konjic, the Sarajevo Zrak Factory, and the Gorazde Pobjeda Factory.

—Thirteen towns currently in the RS are planned to belong to the MHF: Doboj (the Trudbenik Factory, an electric pipeline factory, a low-voltage equipment factory, a fruit juice production plant, and the ZZGP [expansion unknown] plant), Brod (a refinery, a textile mill, and a metal processing complex), Brcko (the port, a food-processing plant, a car battery factory, and a knitwear plant), Samac (the port and a timber processing plant), Derventa (a pipe factory), Sanski Most (an entire industrial complex), Ljubija (an iron ore mine), Krupa on the Una River, Srbobran (the largest timber-processing complex in the former Bosnia-Herzegovina), Jajce (two hydroelectric power plants and a bauxite mine), Visegrad (a hydroelectric power plant and two factories), Milici (a part of a bauxite mine).

—The map breaks up the present territory of the RS into three parts with no links between them. According to the maps, the main Grahovo-Banja Luka-Bijeljina-Sarajevo-Srbijne [Foca]-Trebinje- Ljubinje road (the communications axis) has been broken up. The transverse communications linking the Sarajevo-Romanija region with Serbia and Montenegro are also broken. Many highways and regional roads are envisaged on the map as belonging to the MHF. The largest railroad junction in the RS—Doboj—is to belong to the MHF. Railroad traffic between Doboj and Samac is to be disconnected, the planned construction of the Milosevac-Bijeljina railroad line will be impossible to realize through the Posavina "corridor," and the Prijedor-Ljubinje industrial railroad is to belong to the MHF.

There Will Be About 100,000 More Refugees from Zenica, Tuzla, and Sarajevo

The river ports of Samac, Brcko, and Brod are to belong to the MHF and the navigable river lines would be inaccessible to the RS.

—The airports of Sarajevo, Tuzla, and Mostar are to belong to the MHF and only Banja Luka would remain in the RS.

—Out of four international exchanges [tranzitna centrala], three are to belong to the MHF (Mostar, Sarajevo, and Tuzla) and only one to the RS (Banja Luka). Of 13 main exchanges [glavna centrala], 10 are to belong to the MHF (Bihac, Jajce, Mostar, Livno, Sarajevo, Zenica, Gorazde, Tuzla, Doboj, and Brcko), and only three to the RS (Prijedor, Banja Luka, and Trebinje).

—Of 10 radio transmitters, eight are to belong to the MHF (Trebevic, Bukovik, Sabacki Gaj, Paric, Vlasic,

Majevisa, Ozren, and Ciganiste) and only two to the RS (Kozara and Leotar). Out of 10 radio and television transmitters, eight are to belong to the MHF (Velez, Trovrvh, Bjelasnica, Majevisa, Trebevic, Hum, Vlasic, and Tuznica) and only two to the RS (Leotar and Kozara).

—The map takes away from the RS 16 health centers, eight hospitals, a rehabilitation center, and a big psychiatry clinic (some major material resources were invested in those during the war). The largest and most modern medical facilities (in Tuzla, Zenica, Bihac, Livno, and Sarajevo) are to be given to the MHF. In order to meet basic health criteria, 30 new medical protection facilities of various kind should be built on the territory that is to belong to the SR.

—The map envisages that all the fertile river valleys (of the Una, Sana, Vrbas, Sava, Bosna, Drina, and Neretva Rivers) should belong to the MHF.

—During the war, 286,000 Serbs had to leave their homes, which were in 32 communes on the territory of the MHF, and 100,000 more are now in Zenica, Tuzla, Mostar, Sarajevo, and Bihac. When it is made possible for them to leave, then they must be accommodated somewhere.

—Of the 400,000 Serbs who have lost all their property, the RS accepted 220,000 as refugees on its territory and 170,000 are in the Federal Republic of Yugoslavia.

Karadzic Denies Claims About Media Blockade

AU2708172794 Belgrade BORBA in Serbo-Croatian
26 Aug 94 p 4

[Report by Bozo Droca: "The Socialists Will Secure a Majority"]

[Text] Pale—Radovan Karadzic, president of the Srpska republic [RS], received Mirko Jovic, chairman of the Serbian National Renewal [SNO], and his aides. At a news conference afterward, asked by a BORBA journalist what he expected from the assembly in Belgrade, the RS president said:

"We are relaying this assembly session because we want our people to see exactly who thinks what. As you know, we are also showing the news program of the Serbian Radio and Television. Newspapers can also be bought. We have not closed our information arena. Therefore, claims made by some people—I think this claim was by the president of Yugoslavia—are, to put it mildly, incorrect. We are relaying this assembly session so that our people can hear arguments for and against.

"I believe that the balance of forces in the assembly is such that the Socialists will secure support for our condemnation and for the sanctions that they introduced against us. However, this does not mean that people in Serbia hold the same view. This does not even mean that

the assembly holds such a view either. When we here rejected the Vance-Owen plan, an official from Serbia said: 'Be men, hold a secret ballot,' expecting that the deputies could perhaps support the plan in the secret ballot. We could now ask them to be men and hold a secret ballot so that we can see what the result would be. We know that a large number of Socialists are against the embargo."

"We came to visit the RS political leadership," Mirko Jovic said, "to show that on the territory of Serbia and Montenegro there are citizens of Serbian nationality who do not agree with everything that has been said about the RS leadership, nor with the attempts that are being made to abolish their titles and the RS institutions, which, in our view, represent the most important result in this latest liberation war. Even though we are all members of the SNO leadership, we have not come here as representatives of one political party to pay a visit to Mr. Karadzic as a president of another political party, because we realize that he is not a party leader, but is

seen by the majority of our people as, above all, a man who leads a fatherland movement for the creation of a unified Serbian state. Since some other people at the helm of the fatherland movement have started to show the signs of weariness and acquiescence, which is not the case with Mr. Karadzic, we simply cannot do anything else but express our unreserved support."

Expressing his gratitude on this visit, RS President Karadzic said:

"This is a party that has always primarily been promoting a peaceful, patriotic program for the preservation of Serbianhood and the creation of a Serbian state. We particularly appreciate the fact that this party has its branches and that it has been operating throughout Serbian lands."

Dr. Karadzic expressed special gratitude to the SNO leaders on humanitarian actions organized by that party for the benefit of the RS.

Talks End; German's Kinkel, Granic Comment

LD2608125494 Zagreb Radio Croatia Network in Serbo-Croatian 1100 GMT 26 Aug 94

[Text] Croatian-German ministerial talks ended in Zagreb today. Mate Granic, deputy prime minister and minister of foreign affairs, and his guest, Klaus Kinkel, Germany's deputy chancellor and minister of foreign affairs, who arrived in Zagreb this morning for a one-day visit to our country, talked mostly about extending UNPROFOR's mandate in Croatia and solutions to the Bosnia-Herzegovina crisis. Following their talks the two ministers signed an agreement on advancing cultural cooperation between the two countries. This occasion was an opportunity for them to talk briefly to reporters. Our reporter Andjelko Perincic recorded the following:

[Perincic] The host, Minister Mate Granic, addressed the reporters first. He noted that UNPROFOR's mandate in Croatia and solutions to the crisis in Bosnia-Herzegovina were discussed in their talks. Minister Kinkel will continue to discuss this matter with Croatian President Franjo Tudjman this afternoon in Brijuni. As for his talks with Prime Minister Nikica Valentic, he says that more attention will probably be paid to bilateral and particularly economic relations between the FRG and the Republic of Croatia. Minister Granic went on to say:

[Begin Granic recording] I particularly welcome Germany's stand regarding the territorial integrity and sovereignty of the Republic of Croatia and the need to link sanctions against Serbia to the situation in the UNPAs [UN Protected Areas] as well as the need for border controls, the right of every refugee to return home, and the peaceful reintegration of UNPA areas into Croatia's legal system.

We also discussed the situation in Bosnia-Herzegovina while paying special attention to what is going to happen if the arms embargo really is lifted. At the moment Croatia firmly supports the Contact Group's stands because we want the Bosnian Serbs to accept the Contact Group's plan. To this effect Milosevic needs to face further pressure—this is our position, meaning that he has to accept observers on the border with not only Bosnia-Herzegovina but with Croatia, too. [end recording]

German Minister Kinkel also made a brief statement:

[Begin Kinkel recording in German with superimposed Serbo-Croatian translation] I would like to stress that this visit is taking place at a time of great importance for Croatia because huge efforts are being invested in securing peace in Bosnia-Herzegovina. It is also very important to consider extending UNPROFOR's mandate in Croatia. We will strive to extend this mandate. As for the agreement we signed today, this document materializes our shared wish to establish closer links between our two nations. This will certainly be a further step on Croatia's way to Europe in line with its best spiritual traditions, including in particular its openness to the

world and its tolerance to other people and nations. The agreement is based on the long tradition of our links dating back to the days when Croatia's independence was still to be recognized.

Millions of German tourists have visited your country and have come to know it, while nearly ten percent of all Croatia's citizens live in Germany and work as our fellow-citizens. I would also like to mention that the Goethe Institute has been operating in Zagreb since 1971. It is certainly a bridge in our cultural cooperation. One should also take into account our academic exchange and the cooperation between our universities. [end recording]

Serb Party Official: 350,000 Serbs Driven Out

LD2608140694 Belgrade TANJUG in English 1324 GMT 26 Aug 94

[“Pool” item]

[Text] Zagreb, Aug. 26 (TANJUG)—Official of the Serb National Party in Zagreb Veselin Pejnovic said Friday that about 350,000 Serbs had been driven out of ‘the new Croatian state’ since the outbreak of the war.

Vice-President of the Serb National Party Pejnovic told a news conference in Zagreb that the World-War-Two fascist independent state of Croatia had not succeeded in doing what ‘democratic’ Croatia had.

Pejnovic said Serbs were still leaving the territory controlled by the Croatian state.

Serb National Party President Milan Djukic said that Croatia could not reintegrate Krajina by means of war and did not have a concept of a ‘peaceful reintegration.’

Djukic said the Serb National Party was being criticized from all sides for recently mentioning the possibility of Croatia becoming a federation or confederation.

‘A legitimate discussion on a confederation or federation in Croatia offers better options than war,’ said Djukic.

Croatia unilaterally seceded from the former Yugoslavia in 1991. The independent Republic of Serb Krajina was proclaimed in response to the secession and the removal of Serb national rights from the Croatian constitution.

The Republic of Serb Krajina was proclaimed U.N. protected area in 1992.

Police Arrest ‘Main’ Abdic Associates in Zagreb

AU2608191594 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 26 Aug 94

[Text] Bozidar Sichel and Armin Pohara, the main associates of Fikret Abdic, have been arrested in Zagreb, Nada al-Isa reports:

[Begin al-Isa recording] This piece of news is (?still) unofficial, but very reliable and checked at three places. The arrest of Sichel and Pohara by the police in Zagreb

was preceded by last night's speech by Fikret Abdic in the occupied part of Croatia trying to persuade refugees from Kladusa to attack the Croatian police and enter the free part of Croatia by force. As we have learned, Fikret Abdic had brought a further 5,000 to 6,000 refugees from the Cazin Krajina for that purpose. He brought them to the Croatian border and simply shouted that they should enter Croatia by force, because he, as he put it, helped the Croats at one time, so they should now help him. Strong Croatian police forces prevented this attack and intrusion into Croatia.

We have learned that Sichel and Pohara have been helping and preparing a new refugee wave that [word indistinct] arrived at the Croatian border where Fikret Abdic waited for them and tried to persuade them to attack the Croatian police who were preventing them from entering Croatia.

Armin Pohara sent an open letter to President Tudjman in which he accused Croatia of calling on the refugees, together with the Government of Bosnia-Herzegovina, to go back. Pohara deemed that to be the height of hypocrisy on the part of the Croatian politicians. He even accused Dr. Tudjman of not agreeing to the return of refugees with Fikret Abdic instead of with the Sarajevo Government. This was too much for Croatian patience and tolerance toward Abdic and company. As we have already said, Sichel and Pohara are currently in a Zagreb police station and, as we have already reported, there is a great possibility that it is only a matter of days before Fikret Abdic himself will also be brought back to Kladusa.

Abdic's Wife Said Detained

LD2608204494 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2000 GMT 26 Aug 94

[Excerpts] The closest associates of Fikret Abdic, Bozidar Sichel and Armin Pohara, were arrested in Zagreb today. Fikret Abdic's wife was also detained at the police station. Nada al-Isa reports:

[Al-Isa] Relying on the refugees who have been manipulated, Fikret Abdic would now like to destroy Croatia. Last night alone several thousand additional refugees arrived from Cazin Krajina. Fikret Abdic is behind all this. [passage omitted]

As we are reporting this, we have just heard unofficially that the wife of Fikret Abdic—who had crossed over from the occupied territory of Croatia to its free territory—was detained by the police in the Republic of Croatia.

UN Increases Efforts To Return Bihac Refugees

AU2708174794 Paris AFP in English 1715 GMT
27 Aug 94

[By Ruzica Gavrilovic]

[Excerpt] Zagreb, Aug 27 (AFP)—UN officials stepped up efforts Saturday [27 August] to secure the return of Bihac refugees gathered near the Croatian border, where they are refusing to move despite appeals from Bosnian President Alija Izetbegovic.

The moves came amid growing concern over the number of refugees massing near the town of Turanj, which grew to around 15,000 Saturday, according to a UN spokesman.

U.S. Ambassador to Zagreb Peter Galbraith and the UN's Chief of Civil Affairs, Sergio de Mello, visited the sector during the day to try to ease the fears of refugees, UN Protection Force spokesman Paul Risley said.

Galbraith and de Mello were to visit refugee camps in Batnoga and Staro Selo, 50 kilometers (30 miles) to the south of the town of Turanj, where the majority of the refugees have massed.

Most of the refugees fled fighting which preceded the defeat last weekend of Moslem rebel leader Fikret Abdic, who declared the Bihac pocket independent from Sarajevo in September last year.

Several thousand people converged in Turanj overnight Friday, swelling the numbers blocked in the no man's land and the UN buffer zone to an estimated 15,000, according to UN officials.

They are trapped between independent Serb forces on one side, and on the other by Croatian forces who are under orders to open fire if they try to force their way across the border.

There was no sign Saturday that the refugees were ready to go back to Bihac, in northwest Bosnia, despite being caught in what the UN described as an "extremely dramatic" situation.

The refugees, many wearing military uniforms, have so far snubbed appeals from Sarajevo authorities for them to return home.

"We will only return home if Izetbegovic's army withdraws completely from the Bihac pocket," said one of the refugees, Dzenad Seferic. No other refugees nearby contradicted his sentiments.

Seferic added that the refugees would stay put until Bihac was "placed under the control of the UN Protection Force and Abdic returns as our head of state."

The Bosnian and Croatian authorities have denounced what they called Abdic's "manipulation" of the refugees, by spreading fear among them of going home, and maintaining the "illusion" that "all is not lost" for the routed rebels. [passage omitted]

Refugees Ignore Pleas

AU2808143594 Paris AFP in English 1401 GMT
28 Aug 94

[By Ruzica Gavrilovic]

[Excerpts] Zagreb, Aug 28 (AFP)—The Bihac Bosnian refugees massed near the Croatian border were still turning a deaf ear Sunday [28 August] to pleas for them to go home, as the European Union joined UN officials, aid groups and the U.S. ambassador in urging a return.

The 15,000 or more refugees fled from Velika Kladusa in the Bihac Moslem enclave, the former stronghold of renegade Moslem leader Fikret Abdic in northwestern Bosnia, fearing reprisals after his defeat by the Bosnian army.

They are camping among the ruined, mine-strewn houses of Turanj, in a UN-controlled neutral zone between the Croatian army and rebel Serb forces in Croatia, and on Friday the UN High Commissioner for Refugees (UNHCR) described their situation as "very dramatic."

The U.S. Ambassador to Zagreb, Peter Galbraith, and the UN's Chief of Civil Affairs Sergio de Mello were due to visit Velika Kladusa Sunday to check that it is "ready for a safe return" of the refugees, UNPROFOR spokesman Paul Risley said in Zagreb.

The two were also due to meet Bosnian General Atif Didakovic, who headed Abdic's defeat, and UN civilian police patrolling the region, he said.

Earlier the refugees told the ambassador they wanted Bihac placed under UNPROFOR [United Nations Protection Force] control and Abdic returned as head of state.

They are reinforced by Abdic, whose "Velkaton" radio tells them to "hang on" and gives lurid tales of attacks on those who dared return. The station broadcasts from the Serb-held Krajina region of Croatia, which supported Abdic's attempt to secede Bihac from Sarajevo. [passage omitted]

The Bosnian and Croatian authorities have denounced what they called Abdic's "manipulation" of the refugees, by spreading fear among them of going home, and maintaining the "illusion" that "all is not lost" for the routed rebels.

Reports of revenge attacks were also denied by UNHCR spokesman Peter Kessler, who said a UNHCR team in Velika Kladusa had not witnessed a single case of homes being destroyed, atrocities or hangings as alleged by Abdic. [passage omitted]

RSK's Martić Votes, Supports Bosnian Serbs

AU2808193894 Paris AFP in English 1917 GMT
28 Aug 94

[Text] Pale, Bosnia-Herzegovina, Aug 28 (AFP)—Milan Martić, the president of the self-proclaimed Serb republic of Krajina in Croatia, said Sunday [28 August] he had voted in the Bosnian Serb referendum on the international peace plan to show his support for the Serbs.

Martić crossed into Bosnia to vote on the plan which was put forward by five international powers but rejected by the Bosnian Serb leadership. It is expected to be overwhelmingly rejected by the Serbs in the referendum.

The leader of Krajina, a self-proclaimed region of eastern Croatia ruled by its local Serb population, attacked the "demonisation" of the Serbs by the international community.

He also attacked the international plan for Bosnia, under which Serbs would control 49 percent of Bosnia territory and Moslems and Croats would control 51 percent.

This was "attempting to deprive the Serbs of their lands, their factories, of all prospects of a union in a single Serb state," he said.

First Victims of Land Mine Explosions Reported

LD2908114694 Zagreb Radio Croatia Network in
Serbo-Croatian 1100 GMT 29 Aug 94

[Report from Turanj by correspondent Trajko Grkovski]

[Text] Unfortunately, after a number of warnings issued by the Croatian side to UNPROFOR officials regarding the serious situation involving refugees in the heavily mined Turanj area inside the blue zone, their number, and the possible consequences, we have received reports about the first victims of mine explosions.

One member of UNPROFOR's Ukrainian battalion and four refugees were seriously wounded by mines in Turanj on Sunday and Monday. One explosion occurred when an UNPROFOR vehicle tried to go around a refugee column and the other one took place when a land-mine was activated.

The Plitvice road is blocked for the fourth day, affecting humanitarian aid deliveries and UNPROFOR's activities. The blockade is caused by the presence of about 20,000 refugees in Turanj and on the Plitvice road. According to the members of UNPROFOR's Polish battalion, there has been no return of refugees to Velika Kladusa.

Crvenkovski Denies Asking for Freeze on Talks

LD2608120194 Belgrade TANJUG Domestic Service in Serbo-Croatian 0949 GMT 26 Aug 94

[Text] Skopje, 26 Aug (TANJUG)—Stevo Crvenkovski, Macedonia's minister for foreign relations, said Macedonia [The Former Yugoslav Republic of Macedonia] has not demanded the freezing of negotiations with Greece as was previously announced.

In a statement for NOVA MAKEDONIJA, Crvenkovski refuted parts of a letter sent by United Nations Secretary-general Butrus-Ghali to the Security Council and a reply by Yuliy Vorontsov, chairman of the Security Council for August, that Macedonia demanded the freezing of negotiations with Greece because of its forthcoming municipal multiparty elections.

Crvenkovski stated that "it is not true at all" that Macedonia demanded the freezing of these negotiations, adding that "what is true is that Butrus-Ghali has been informed about the elections."

Crvenkovski also said that negotiations on the name for the new state have not been held and that "Macedonia's stand is that no agreement that can threaten the identity of the Macedonian people can be accepted, and there can be no negotiations on the name of the state."

Crvenkovski said that for the time being the date for the resumption of negotiations has not been set, and a further course of negotiations will be determined in September in contacts with Cyrus Vance, the UN mediator in the Skopje-Athens dispute.

Macedonian Antifascist Patriots in Greece Viewed
94BA0381A Skopje PULS in Macedonian 29 Jul 94 p 6

[Article by Mirka Velinovska: "Briefly Cherished"]

[Text] *The way we manage to forget people and events that make us proud.*

I was waiting for the day of 26 July with the premonition that no one, absolutely not a single one of the great Macedonian patriots in the fighting elite, or the parties which, to this day, are bemoaning the difficult fate of the Macedonian people in the Aegean and Pirin parts of Macedonia, "for the past 50 years had kept track of or remembers Mirka Ginova, the only Aegean Macedonian proclaimed hero of the people in the Republic of Macedonia, and the only Macedonian who, until recently (1983) was taken as a symbol of the antifascist resistance even within Greece. Apparently, she is only remembered by a few surviving fellow-fighters and comrades, her family, and myself, for I bear the same name."

This is how the situation was simply and accurately described by the father of Hispanic-America Thornton Wilder, in his book "*The Bridge of San Luis Rey*":

"Now, she thought, virtually no one remembers Esteban and Pepita but me. Camila herself remembers her Uncle

Pio and her son. But we will soon be dead and the entire memory of them will leave this earth and we ourselves will be cherished briefly and forgotten...." In fact, the woman about whom so many warm words have been said even by her executioners, who could not fail to be amazed at her unparalleled courage in the face of savage torture and her patriotism (as confirmed by the letter of one of the members of the firing squad sent to her father) has been forgotten in favor of the resurrected "heroines" who became the ideal of the new generation of Macedonian politicians. Mirka Ginova is not considered as worthy as Mara Buneva. Was it because she was a communist? Who knows? What is more likely is that others have been rehabilitated (on the TV screens, at that), such as Vanko Mihajlov or Ivan Lebamov...the justification for which is that "frankly, they killed few people but those people were communists," but that, being on the left, they were "nonnational." What was "national" was the right wing headed by Mihajlov. The reason may be that people such as Ginova did not fall for the Bulgarian tricks, organizing some kind of "autonomist" organizations (those of Kalcev and Dincev), but armed them, claiming to be fighting for the Macedonian cause but, actually, spreading Bulgarianism among Macedonians, frequently in close collaboration with the Greeks in betraying the ignorant. Ginova believed in the independent struggle for the national liberation of the Macedonian people and in the joint struggle with the Greek people for democracy. That is probably why her name is not deemed worth remembering. It is not worth reminding our "patriots" of the need, in most difficult times, to love and respect one's own nation. Nonetheless, I would like once again to point out that on 23 July, in facing the military tribunal in Enidje Vardar with six other comrades, Mirka Ginova stated that "she is proud, of being a member of the NOF [National Liberation Front] of Aegean Macedonia and that, together with her comrades, she was fighting for the liberation of her people and the liberation of the Greek people." On 26 July 1946, at the age of 24, after unheard of tortures, she was executed by firing squad along with her comrades Tomo Mihailov, Dimitar Limbov, Djorgi Projov, Petre Pop Dimitrov, Risto Stojanov, and Georgios Mustakidis. As her executioners noted in their announcement, "all of them refused to be blindfolded and faced the bullets singing and shouting slogans." That morning, the world news agencies reported from Salonika the following: "Early in the morning, Irina-Mirka and her six comrades, sentenced to death, were executed. This is the first woman executed in Greece for a political crime." This was followed by a discussion on the situation in Greece at the United Nations, where most representatives condemned the terror practiced by the Greek authorities and the death sentence of those seven Macedonians. The following is included in justifying the death sentence by the Greek Government: "She was a member of the NOF, and addressing the military tribunal, which passed the sentence of death for treason, she admitted that she was going to Yugoslavia. In a signed letter she

sent to another bandit, found in her possession, she speaks of the unification of Greek 'Macedonians' with their 'brothers.'"

For that reason I ask (actually, I forbid) the concerned "patriots," rallied in allegedly national and democratic parties, who hate the very concept of a civil state, for it reminds them of "anational" Macedonian communists, in my name and the name of those Macedonians in Aegean Macedonia, who show respect for the facts and for their own past, to shed crocodile tears over the fate of the divided people at various suitable holidays. Let them not moan, let them not blabber something from their party rostrums until they have seen their way clear and display sufficient maturity and courage at least to read and understand the history of their people. I mean the recent history, for today it is only fables, myths, and legends that can be heard about Samoil, Marko Kraleta, and Alexander the Great.

This year, when we are celebrating half a century of the victory over fascism, there is an absence of a reminder of the mass participation of the Macedonian people from the Aegean part of Macedonia in the Greek antifascist movement. Actually, the Greek struggle against fascism began precisely in the Aegean part of Macedonia. ELAS [Greek Resistance Movement] actively included 25,000 Macedonians as fighters. No one is mentioning them and their contribution. The Greeks keep remembering, while in our country big talkers, people with a troubled past and with the courage of rabbits try to speak louder than historical arguments. Others are speaking today of their courage, and others again proclaim themselves fighters for Macedonian national rights and for democracy. These are the ones who hide behind the conspirators. They become the center of attention. Why not, when by tomorrow no one would remember what was the day before yesterday and, as someone recently said, "the people are not interested in the past and the future but

only in the present." Who has the time to reread history in which one could find data to the effect that "the Macedonian communists, operating within the ranks of the Greek Communist Party, refused to make any compromises in terms of their national aspiration and, regardless of the changes of circumstances in the Greek party leadership in terms of the struggle waged by the Macedonian people, firmly defended the strategy of autonomous and equal participation of Macedonians in the united struggle against fascism." This was manifested in the establishment of the Macedonian Antifascist Organization (MAO) in the Voden area, in April 1942, the creation of the Macedonian National Liberation Front in the Kostur and Lerin areas in 1943, and the special Macedonian partisan battalions out of which, in November 1944, the First Aegean Macedonian Brigade, consisting of more than 3,000 fighters, was organized in Bitola. This movement continued throughout the civil war in Greece, when the clandestine TOMO [expansion unknown] was organized in the Voden area in January 1945, and the NOF which, during those four years, was the most popular and best-organized Macedonian organization fighting for the implementation of the national rights of the Macedonians and for equality with the Greek people.

This year, we are celebrating the ASNOM [Antifascist Assembly of the People's Liberation of Macedonia] anniversary. This year, the entire world celebrated the anniversary of the victory over fascism. Macedonia and the Macedonian people made their contribution to the building of a democratic world, of a new Europe, fighting also for their own dignity, rights, and freedom. I would recommend to all those who are ashamed of remembering the facts or who find such facts unpleasant for the sake of a possible abuse by the Greek and other neighboring policies in this connection, to think that our past, although full of dark spots, is not to be ashamed of. On the contrary.

Trade Developments With U.S. Discussed

94BA0373A Ljubljana GOSPODARSKI VESTNIK in Slovene 14 Jul 94 pp 25-27

[Article by Mark A. Cohen: "Development of Slovene-U.S. Trade"]

[Text] *Although the potential volume of trade, investments, and other areas of cooperation between Slovenia and the United States remains high, neither the United States nor Slovenia has shown enough interest and dynamism for such cooperation to flourish.*

According to the Slovene Government's statistical data, in 1992 Slovenia imported \$175.4 million in goods, but exported 143.5 million, which represents 3.1 percent of total Slovene exports and 2.7 percent of total imports. The data on U.S. investments in Slovenia are much more discouraging than the volume of bilateral trade. According to the data of the Center for International Cooperation and Development, between 1985 and 1991 the 20 U.S. investments in Slovenia were worth 11.6 million German marks [DM], which is only 1.9 percent of all foreign capital invested in Slovenia.

We will obtain a more optimistic view of U.S.-Slovene trade if we compare it with the volume of U.S. trade with other former communist states in this region. In the early 1990's U.S. trade with Slovenia was generally in the same volume as with numerous other former communist states, including Albania, Bulgaria, the Czech Republic and Slovakia, and all three Baltic states combined.

Initial Period of Sanctions

Many Slovenes criticize the United States for getting off on the wrong foot in its relations with them. At the beginning of December 1991, President Bush imposed sanctions against all the "secessionist" Yugoslav republics, without any tangible positive effect upon U.S. political interests or human rights. President Bush's sanctions canceled the duty-free imports of Yugoslav goods into the United States within the Generalized System of Preferences, and the special arrangement for textile imports.

At first it seemed that the U.S. Government would follow the EC's initiative with respect to imposing sanctions. After the latter recognized Slovenia, the United States remained one of the few states that had not eliminated its sanctions against Slovenia. The U.S. decision to maintain sanctions and not recognize Slovenia contributed to Slovenes' formation of a poor opinion of the United States.

In implementing specific sanctions, President Bush exceeded the authority given to him by U.S. laws. The Generalized System of Preferences provided that the House of Representatives and the Senate had to be informed at least 60 days in advance of "a permanent or temporary elimination of all the privileges enjoyed by a developing country" or "any decree resulting in the

elimination of those privileges," along with an explanation of such a decision. In Slovenia's case, this provision was not observed.

The elimination of textile import permits was supposed to help Slovenia. For some time before the sanctions, Slovene textile exporters were not able to export to the United States, because Belgrade did not give permits to Slovene manufacturers. At that time the Belgrade authorities obviously did not eliminate permits in other areas that were regulated by similar agreements, for example for exports of good, medicines, or steel.

All the indications are that the Slovene Government also never fully understood the entire consequences of severing economic ties that had existed for more than centuries, and the legal system, with the former Yugoslav republics. The U.S. State Department's official registry of valid treaties, for example, contains a trade agreement signed in October 1881 with Belgrade, which went into effect on 15 November 1882. Yugoslavia's collapse put all these agreements at stake, as well as a whole series of more recent prorams that the government had adopted to promote trade. Slovenia actually became a state that virtually approached a status of "legal virginity." Very little that is flattering could be said about Slovenia if we were to compare it with numerous friendly, but undeveloped countries that have more regulated and extensive trade with the United States.

Response to the New Political Order

One of the most urgently adopted official documents of importance for continuing bilateral trade was adopted on 29 April 1992, when the U.S. Department of Agriculture published a temporary regulation with immediate effect, allowing Slovenia to continue to export meat to the United States. On 18 October 1991 Serbia and Montenegro informed the U.S. Department of Agriculture that they could no longer carry out inspections of slaughterhouses in Slovenia. On 17 April 1992 the Slovene inspection services informed the U.S. Department of Agriculture that they were continuing to inspect meat-processing facilities, and that the rules for inspection were valid before 18 October 1991. Because of those efforts, the Department thought that it was not necessary to check the Slovene inspection system. That process could have lasted several years, and it would have resulted in the loss of customers and reputation.

The U.S. Government showed similar adaptability in dealing with visas. A special agreement with Yugoslavia allowed Slovene representatives in the United States to renew their visas every year. The U.S. Department of State officially advised the community of Slovene businessmen in the United States that Slovenes could continue to use the privileges of that agreement.

Sometimes, perhaps, the Slovene authorities did not fully support such U.S. efforts to adapt. In the fall of 1992, I found out from an official in the U.S. Department of State that as early as spring of the same year, the

Department of State had been studying the possibility of including Slovenia in the Generalized System of Preferences again, even before it had actually been recognized as an independent state. According to U.S. law that would have been permitted, and it would have considerably eased bilateral relations.

Inconsistent Arguments

Even though Slovenia could have been included again, perhaps some efforts indirectly obstructed the restoration of privileges under the Generalized System of Preferences. The furniture industry attempted to recover the privileges under that system which it had lost. With the attempts to prove that the furniture industry should qualify again for privileges under that program, a danger arose that there would be a delay in regaining privileges for other products.

The evidence that Slovenia, as a completely new state, should obtain privileges within the framework of the above-mentioned program was not consistent with the privileges that Slovenia was continuing to enjoy with respect to meat exports, the extension of visas for its trade representatives, and other agreements that were previously concluded with Yugoslavia. The assertion that Slovenia was a "completely new state," of course, led to a reexamination of the legal standards for granting privileges, and thus also delayed granting privileges to all manufacturers. Those standards include a review of Slovene regulations on employment, intellectual property, arbitration, investment protection, and other procedures.

The United States was thus among the last states to restore Slovenia's privileges under the Generalized System of Preferences. Most developed states, including Norway, Finland, Sweden, Canada, Austria, Taiwan, and the EC states, extended those and similar privileges immediately after recognition or retroactively.

Trade Disputes

There were almost no trade disputes, primarily because the volume of trade was small.

The last dumping complaint that the United States filed against Yugoslavia at the same time also heralded the collapse of Yugoslavia. The only Slovene manufacturer of a product to which the complaint applied, Mercator, had its own representative among the Yugoslav manufacturers of that product. In spite of this, all the manufacturers of this product succeeded in warding off the complaint during the "preliminary investigation." They proved that there was no sensible evidence that imports of this product were hurting U.S. industry.

An antidumping complaint was recently filed in the United States against manufacturers of steel products from 20 countries, but Slovenia was not mentioned in connection with this. The simultaneous Canadian complaint against steel producers did not include Slovenia among the defendants, whereas proceedings were instituted against Macedonia.

In the future, difficulties may be caused by the fact that Slovenia is not a signatory of the GATT [General Agreement on Tariffs and Trade] on subsidies and similar agreements. Since Slovenia did not sign that agreement (Yugoslavia did not either), and also has not signed similar agreements with the United States, it may be subjected to an investigation for the purpose of introducing countervailing duties, an investigation that would be launched by healthy U.S. industrial sectors. They would not need to prove that such subsidized exports are harming them. If Slovenia signed the GATT agreement, U.S. industrial sectors would have to prove, in order to introduce those duties, that such imported products are harming them. In connection with Slovenia's intention of joining GATT, reservations are being aroused with respect to agricultural subsidies.

Slovenia should therefore be cautious in formulating its foreign trade laws, regulations, and decisions, and should determine whether any subsidy that it approves to promote exports or imports would be consistent with the GATT agreement. As a result of legislation and regulations not in accordance with that agreement, foreign protectionist industrial sectors would reject Slovene products.

A more fruitful source of possible trade disputes is "Article 301" and similar legal documents. That article of the 1974 trade law authorizes the U.S. Trade Representative to institute immediately appropriate retaliatory measures as soon as he determines that any trade law has violated U.S. rights, or that the laws, policy, or practice of any state are unfair and burden or obstruct U.S. trade. The law includes special provisions that apply to the violation of intellectual property rights, obligations in connection with most-favored-nation status, restrictions on access to the services market, and so forth. In the last two years Slovenia has avoided inclusion in the list that the U.S. Trade Representative and Department of State have compiled on foreign trade barriers, possibly because of the small volume of trade. That situation may change, however.

In Article 301, the United States dealt with unfair trade practices in areas such as intellectual property and investment protection. The U.S. Government criticized Yugoslavia for a customs regime that was not in accordance with the GATT agreement, including special import duties and ineffective protection of intellectual property. It seems that the Slovene Government has already undertaken to solve many of these problems.

Recently, complaints about failures to respect regulations on investments or intellectual property rights have been more frequent against Poland, Hungary, and other leading states in the transition to a market economy, but in the future one can expect that complaints against Slovenia will also be more numerous. The U.S. Government may complain about the following Slovene procedures in the future:

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- Inappropriate promotion of intellectual property. In Maribor and Ljubljana, for instance, there are numerous pirate copies of videocassettes;
- The privileges that Slovenia gives to the EU countries, if those privileges are part of an association or other agreement, and violate the principles of GATT or most-favored-nation status;
- Difficulties and discrimination with respect to investments. Slovenia does not allow foreigners to purchase real estate or perform certain services; foreigners cannot become agents and cannot have a majority in the boards of directors of Slovene enterprises.

Current Situation

After it became independent, Slovenia became more attractive to U.S. investments, but less so in comparison with other Central and East European countries. U.S. investors now have a rich selection of new democratic European countries to choose from for their investments.

The Slovene-U.S. agreements on investments and trade promotion are inappropriate and are giving rise to unpleasant comparisons with other states. Poland and the United States, for example, have signed a bilateral investment agreement and an agreement on avoiding dual taxation, and an agreement with OPIC [Overseas Private Investment Corporation], and Poland is also a signatory of the UN convention on the international sale of goods. Until the end of 1993 Slovenia had not yet signed any of these agreements, and currently is not yet even a member of GATT. Minister Gaspari recently signed an agreement with OPIC, which is a small step toward normalizing relations.

The presence of officials of the U.S. Agency for International Development [AID] in Slovenia should help in planning legislation and eliminating some present legal barriers. The AID officials are obviously dealing with numerous financial reform problems, telecommunications, and problems with respect to the transformation of ownership.

Yugoslavia was negotiating with the United States on concluding a bilateral agreement on taxes, but unfortunately it was never concluded. Such an agreement would actually have been more beneficial to Slovene investors in the United States than to U.S. investors in Slovenia, since the United States is introducing a 30 percent tax on dividends paid abroad.

Numerous other countries have adopted a more comprehensive framework for bilateral trade and investments. Numerous foreign investors from various countries have

already pointed to such legal uncertainties as one of the principal obstacles to investments in Slovenia.

The restrictions that the Slovene Government has placed on foreign investments have also reduced possibilities for cooperation. Many Slovene exports to the United States flow through companies that are indirectly or directly linked with Slovene companies. The legislation that regulates the transformation of ownership has created barriers to the establishment of foreign branches and thus hindered the development of U.S.-Slovene trade relations.

Promises

There are three paths toward future more intensive development of bilateral trade and economic relations: equality, differentiation, and regionalization.

Equality: Both the Slovene and U.S. Governments have to give priority to efforts for "legal equality" or even more with the Visegrad Group countries, and adopt bilateral agreements on investments and taxes as soon as possible. That would allow Slovenia to participate in various programs available to developing countries in Central and Eastern Europe.

Differentiation: Slovenia has to emphasize that it is different from the other Yugoslav republics. The Slovene authorities have to make that differentiation a specific goal during every visit to North America. Specifically, we must not forget that it is because of the geographical confusion of Ambassador Albright that Slovenia has been placed in the Balkans.

Regionalization: Slovenia has to try again and again to impress itself upon American thought as a state that offers excellent opportunities for doing business with northern Italy or southern Austria, now that it intends to conclude agreements with the Visegrad countries on free trade, and also with those countries. Regionalization is the only reliable way for Slovenia to attract U.S. investors on the basis of market access.

Under the U.S. law on the Generalized System of Preferences, the issue of treating Slovenia and the Visegrad states as "one state," of course only for the purposes specified by the law, i.e., exporting goods to the United States, is still unresolved. That kind of treatment of Slovenia and the Visegrad states would have three consequences in practice:

- In the first place, since that law requires that at least 35 percent of the added value of the good arise in the exporting country, a larger number of products to which value was added in those states and Slovenia would benefit from those privileges;
- In the second place, since the law requires that the goods have to be brought to the United States directly from the state enjoying the privileges, goods processed

in Slovenia or the Visegrad states could be exported to the United States again;

- In the third place, Slovenia would be linked to the "states in transition" which enjoy a good reputation in American eyes; it would thus be clearly separated from the chaos in the former Yugoslavia; even a suitably formulated presidential declaration could be one of the most significant steps that would encourage bilateral trade.

Conclusion

There are good chances for further cooperation between the United States and Slovenia. Many Slovenes favor a more active role for the United States in the Slovene economy. Slovenia needs U.S. economic knowledge, and would be willing to accept more diverse trading partners. Americans familiar with Slovenia would also gladly accept a more active Slovene role in the U.S. market. In the end, close cooperation would benefit both countries.

Federal**Permission To Hold Referendum in FRY Denied***LD2608164594 Belgrade SRNA in Serbo-Croatian 1530 GMT 26 Aug 94*

[Text] The Belgrade-based chairman of the Srpska republic referendum commission told SRNA today that the commission has adopted a decision to give up holding the referendum in the FRY [Federal Republic of Yugoslavia]. He explained that the relevant state bodies of the FRY had not granted permission to hold the referendum. The referendum commission does not wish to create unnecessary tensions within the Serb nation and, therefore, has decided to give up holding the referendum in the FRY.

The Belgrade-based bureau of the Srpska republic has called on all citizens of the Srpska republic currently staying in the FRY to visit the nearest municipality in the Srpska republic and perform their duties as its citizens.

Momcilo Mandic, head of the Belgrade-based bureau of the Srpska republic, was informed today that the FRY authorities would not issue permission to hold the Srpska republic referendum on the Contact Group plan on offer. According to Mandic, the relevant FRY authorities verbally informed him that the referendum could not be held on Yugoslav territory due to the severed economic and political relations with the Srpska republic.

I have consulted the top Srpska republic authorities and adopted the decision to abandon the organization of the referendum on FRY territory, Mandic told SRNA. He called on all citizens of the Srpska republic currently living in Yugoslavia to go to the Srpska republic in great numbers and freely express their will.

Russian Foreign Minister To Meet Izetbegovic*LD2908105094 Belgrade TANJUG in English 1038 GMT 29 Aug 94*

[Text] Belgrade, Aug. 29 (TANJUG)—Russian Foreign Minister Andrey Kozyrev left here for Sarajevo on Monday morning to meet with Bosnian Muslim leader Alija Izetbegovic.

Kozyrev held four-hour talks with Serbian President Slobodan Milosevic late on Sunday. The talks focused on the 'Contact Group' plan for the territorial division of Bosnia-Herzegovina.

Kozyrev said one of the issues he would discuss with Izetbegovic would be the latest Muslim offensive against the Bosnian Serbs.

The Muslim army has intensified offensive operations since the Yugoslav Federation of Serbia and Montenegro imposed a blockade on the Srpska republic on August 4 because of its rejection of the Contact Group plan.

After Sarajevo, Kozyrev will visit Zagreb, where he is to meet with Croatian President Franjo Tudjman.

Commentary Assesses Regional Military Buildup*AU2708164594 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 27 Aug 94*

[Military-political commentary by Todor Mirkovic]

[Text] The Balkan region as a geostrategic part of southern Europe is characterized, among other things, by a high level of military buildup. This is a consequence of tensions in relations among the Balkan countries and peoples, and above all the clashes that are taking place in the former Yugoslavia. Here is a military-political commentary by Todor Mirkovic:

[Mirkovic] Crises and so-called small wars influence the intensity with which countries and nations affected by crisis and armed conflicts, as well as regions as a whole, build their armed forces. That is what, for instance, happened in Southeast Asia, in the Near and Middle East, and is now happening in the Balkans.

While the countries of west, central, and north Europe are reducing their military expenditures, forces, and arms, those in the south of Europe, especially in the Balkans, continue to build their armed forces intensively. This is best illustrated by the data on the size of military forces and their deployment in the Balkans.

At the end of the last decade, for instance, Balkan countries such as Albania, Bulgaria, Greece, Romania, Turkey, and Yugoslavia had armed forces of about 1,200,000 men. According to the renowned International Institute for Strategic Studies in London, last year there were about 1,840,000 armed men on the territory of those countries, which represents an increase of some 560,000 men. In this period only Bulgaria reduced its armed forces by about 10,000. All other countries either retained or increased the size of their armies.

The greatest increase in armed forces took place in the former Yugoslavia. The former Yugoslavia had an army of 175,000 men. Today, the republics and national entities that emerged or are emerging in the former Yugoslavia have some 600,000 men under arms. In addition, there are also some 40,000 members of UN forces.

The latest trends in the military-political sphere in the Balkans, the continuation of the armed conflict in Bosnia-Herzegovina, the rise in tensions among the states and nations in the very south of the Balkans, and so forth, threaten to result in the further continuation and intensification of the military buildup in the Balkan countries. Arms purchases and the excessive devotion of human and material resources to military purposes, as experience has shown in the Balkans' case and as science generally confirms, adversely affect the economic and social development of the states and nations in question.

Clashes that are taking human lives, destroying and demolishing material resources should not even be mentioned.

Therefore, the elimination of economic and other forms of backwardness in the Balkans, which is the imperative of this time, cannot obviously be achieved through further military buildup and international and interethnic conflicts, but through finding ways for the Balkan countries and nations to live in peace and harmony in the region that is offering favorable conditions for a faster and more prosperous development in all spheres of economic and social life.

Zastava Plant's Future Prospects Examined

AU2908092394 Belgrade BORBA in Serbo-Croatian 24 Aug 94 p 11

[Report by Zoran Radovanovic: "Long Journey Through the Night"]

[Text] Kragujevac—In recent months, especially in recent days, the Zastava car plant has been working at full steam. Vehicles have been rolling off the assembly line as in the good old days, and the hundreds of people who paid deposits for cars should no longer worry: The desired "four-wheeler" is just about to be delivered to them.... At the same time, our only car manufacturer is facing a "bright future."

This report on the idyll picture of the situation in the largest car manufacturer in the Balkans was shown in a Serbian Radio and Television news program at peak viewing time (on Sunday), and in many ways it reminds one of the postwar newsreels about "new work victories of the workers, peasants, and intelligentsia."

The actual situation in the Zastava plant, however, and unfortunately for all those workers who have nothing to do, is considerably more dramatic and uncertain. Between the beginning of the year and the day before yesterday, the plant did not produce a single complete car. It is true that in the last few months some 3,000 vehicles have come off the assembly line, but they were not complete and are now parked on the factory premises.

Until recently, the management of the biggest Yugoslav firm was saying that the plant would produce 17,000 "Yugo Corals" and "Yugo Skalas" in 1994. However, this plan has been revised recently, that is, the output plans were reduced by about 2,000 vehicles. We are still talking about incomplete cars because the plant is experiencing a chronic shortage of various parts and seats. Those who know the situation in the plant say that it would be good if Zastava managed to produce several tens of thousands of any kind of vehicles this year, which would merely enable the car plant to "survive."

The future and prospects of the former car "giant" from Kragujevac are more than uncertain, especially if the international community's sanctions remain in force.

This is so because Zastava's current models are nothing but ordinary "cans" in comparison with the same class of cars produced by well-known world manufacturers. Furthermore, the Yugo "restyling" and some other "novelties" that are being worked on in the local automobile institute are already out of date in comparison with similar models in the world. The cars are due to appear on the market at the end of this decade. Who will buy them then? Even Zastava does not know. Moreover, any serious start of a car plant assembly line requires, whether there are sanctions or not, a "mountain" of money, which neither the factory nor the country have—and certainly will not have for some time. This is why recent statements by some Zastava managers sound so tragicomic. The other day they said "loans for car purchases would surely revive the production of passenger cars."

Many people here realized some time ago that Kragujevac as the "Serbian Detroit" has no future, which means that the current production of cars here is already in the past in the real sense of the word. At best, when the international blockade is lifted, the Zastava could organize the assembly of FIAT cars, or the cars of some other foreign firms that are interested in this business arrangement and the setting up of a joint company with Zastava of Kragujevac.

This possibility was recently indicated by Dragoljub Micic [director general of the Zastava auto plant], who said that negotiations are under way with a well-known world company with which the Zastava has not cooperated in the past. The old links and business relations with Italy's FIAT are not being ignored either. Although business circles are not talking about it, it is clear that in a future joint firm with FIAT or Renault, for instance, Zastava will invest what it has: halls, machines, equipment, and cheap labor. The foreign partner will invest the money needed to restart production. The business and development policy will be dictated by the one who provides the money. We already know that, in the future, the plant will assemble several hundred thousand vehicles, the number of vehicles that can be absorbed by the "reduced" Yugoslav market and the markets of the neighboring Balkan countries.

All this, of course, will happen if and when the sanctions are lifted. Until this happens, the Zastava plant faces a "long journey through the night."

Serbia

Marjanovic Accuses Karadzic of Deceiving Deputies

AU2608113594 Belgrade Radio Beograd Network in Serbo-Croatian 1000 GMT 26 Aug 94

[Dusica Jovanovic report from Serbian Assembly]

[Text] The most important event in the hour since our last report was the address of Serbian Prime Minister

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Mirko Marjanovic. He informed the deputies that on the day of the Srpska republic assembly session in Pale he had attended a meeting that was also attended by Serbian President Slobodan Milosevic, Montenegrin President Momir Bulatovic, Serbian Assembly Chairman Dragan Tomic, [Chief of General Staff] General Perisic, and the Srpska republic leadership. At 0100 GMT that morning a text was unanimously adopted, every word and comma of it. Mr. Marjanovic then proceeded to read this text.

[Begin Marjanovic recording] The Srpska republic assembly accepts the Contact Group proposal on the territorial demarcation as the basis for further negotiations, and authorizes the Srpska republic delegation to resume:

- 1) Negotiations on the final demarcation with the other side;
- 2) Negotiations on the constitutional solution;
- 3) Negotiations on the cessation of hostilities and lasting peace;
- 4) Negotiations on the lifting of sanctions imposed on the Serbian people after which the integral peace plan will be submitted to the Srpska republic assembly to decide on;

And one more sentence: the assembly understands that certain parts of the plan cannot be adopted until the integral plan is adopted. [end recording]

This was the proposal that Srpska republic president Radovan Karadzic was supposed to take back to the Pale Assembly. Tomislav Nikolic, head of the Serbian Radical Party [SRS] deputy caucus in the Serbian Assembly, was the first to jump at the words of Prime Minister Mirko Marjanovic. He was followed by Democratic Party of Serbia [DSS] President Vojislav Kostunica. Neither of the deputies took care in choosing their words and qualified the Serbian prime minister's address in a manner inappropriate for deputies of this Assembly. Assembly Chairman Dragan Tomic and one of the participants at the meeting with the Srpska republic leadership then explained the deception. He reiterated that Srpska republic president Radovan Karadzic's deception lay in the fact that he failed to submit the proposal agreed upon in Belgrade to the deputies, and according to Dragan Tomic delivered a provocative speech. It was only after the deputies had already decided—and we know that they said 'No' to the peace plan—that he disclosed—but not word for word—what had been decided in Belgrade. After the Serbian Assembly Chairman Dragan Tomic's address, the debate continued and it is still going on. The SRS's and DSS's representatives are taking part and their members are alternating on the floor. In the meantime, DSS President Vojislav Kostunica has—using inappropriate language—commented on the assessments stated by Citizens' Alliance of Serbia President Vesna Pesic. This has been all for now.

Milosevic, Kozyrev Stress Peace for Bosnia

LD2808212094 Belgrade TANJUG Domestic Service in Serbo-Croatian 2052 GMT 28 Aug 94

[Text] Belgrade, 28 Aug (TANJUG)—Serbian President Slobodan Milosevic today received Russian Foreign Minister Andrey Kozyrev. Current problems related to the crisis in the former Yugoslavia were discussed in the lengthy, open, and friendly talks.

According to a statement by the Serbian president's office during the talks, they stressed a joint determined view that the ending of the war and the establishment of a just and lasting peace in the former Yugoslav republic of Bosnia-Herzegovina are objectives of absolute priority.

Both sides said the war option is not only unnecessary and unproductive, but is also equally dangerous for all three constituent peoples and for stability and peace in the region. This makes it necessary to preserve the peace process and to resolutely oppose everything that may threaten it.

It was stressed that, as the basis for further successful continuation and completion of the peace process, the international community's peace plan offers a great opportunity for finding a way out of the crisis and for entering a period of lasting and stable peace. They agreed that the responsibility for the continuation of the peace process lies with everyone—the sides in the civil war and the factors most involved in the solving of the Bosnia-Herzegovina crisis. In that respect, particular stress was placed on the need to strictly observe the agreement on the cessation of military hostilities and on the fact that the Muslim side must immediately stop its offensive military actions. It was also stressed that threats of fresh military or economic measures seriously undermine and weaken the peace efforts, while encouraging and strengthening only those favoring the war option.

Both sides pointed that with its consistent policy of peace, the Federal Republic of Yugoslavia represents the most important factor in preserving stability in the Balkans and in preventing escalation of the war, which would have immeasurable consequences for the population and economy of this part of Europe.

The talks were also attended by Mirko Marjanovic, prime minister of the Republic of Serbia, Federal Foreign Minister Vladislav Jovanovic, and Russian Ambassador in Belgrade, Gennadiy Shikin.

Assembly Passes Resolution To Support Peace Plan

AU2608175394 Belgrade Radio Beograd Network in Serbo-Croatian 1700 GMT 26 Aug 94

[Report by Dragoljub Stankic]

[Text] At the fourth extraordinary session of the Serbian Assembly, a vote on the new proposal on the resolution

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by the Depos [Democratic Movement of Serbia] club of deputies is currently underway. However, as we can see, that proposal did not win the necessary majority.

A minute ago they voted on the new proposal by the Serbian Government. One hundred and twenty six deputies voted in favor of the new declaration while 2 were opposed, which means that the government declaration was passed.

The deputies also took a vote on the proposal by the Democratic Party, however, nobody voted for it.

Assembly Speaker Dragan Tomic said that the meeting of the chiefs of clubs of deputies failed to reach a consensus because a section of the opposition was opposed to the vote on the Contact Group peace plan taking place tonight. The Assembly, Tomic stressed, was to decide by a majority of votes, even if this majority is only one vote.

Let us report that the tensions raised earlier in the debate culminated this afternoon when Stevo Dragisic, deputy of the Serbian Radical Party, took the floor and refused to leave it unless physically removed. Assembly Speaker Dragan Tomic reprimanded him on several occasions, denied him the right to speak, and finally ordered a recess. This incident probably occurred because the Assembly ruled by a majority of votes to continue work after 1700 and to pass a decision on the Contact Group peace plan tonight.

Serbian Deputy Prime Minister Ratko Markovic stressed in his address to the deputies that the debate in the Serbian Assembly would only have any meaning if the stance toward the peace plan is taken prior to the referendum in the Srpska republic. The Serbian Government examined all three bills proposed for adoption and, according to Markovic, all three proposals have been integrated into a new declaration that is now being called the Declaration About the Contact Group Peace Plan for the Former Yugoslav Republic of Bosnia-Herzegovina and that was, as we have reported, passed.

The essence of the passed document, which Ratko Markovic read out, is the acceptance of the Contact Group peace plan and an appeal to the people in the Srpska republic to embrace peace and the plan that is on offer.

Finally, the United Nations is asked to lift the sanctions against our country.

Dissatisfied because the Assembly had decided to vote on this declaration tonight, the deputies of the Serbian Radical Party, the Democratic Party of Serbia, the Democratic Party, and the Serbian Renewal Movement left the session. However, it was established that the necessary majority nevertheless did exist as 130 deputies remained in the hall, that is, the deputies of the Socialist Party of Serbia, the New Democracy, and the Civic Council of Serbia remained.

Markovic Reads Text

LD2608171894 Belgrade TANJUG Domestic Service in Serbo-Croatian 1617 GMT 26 Aug 94

[Text] Belgrade, 26 Aug (TANJUG)—This afternoon's proceedings of the Serbian Assembly's extraordinary session began with an address by Serbian Deputy Prime Minister Ratko Markovic, who explained the government's new draft declaration on the peace plan.

Before briefing the deputies on the contents of the declaration, Markovic explained that the government considers it necessary for the Assembly to submit its own stand before the Srpska republic electorate on the eve of the referendum.

Markovic said that the government examined all three documents submitted to the Assembly for adoption and came up with the proposal which brings together everything these three documents have in common.

In Markovic's opinion, the text of the declaration—proposed by the Democratic Party—is unacceptable because it does not provide an answer to the Contact Group's peace plan.

Markovic then read out the text:

Declaration on the Contact Group's Peace Plan for the Former Yugoslav Republic of Bosnia-Herzegovina

1. The People's Assembly of the Republic of Serbia supports the proposal of the international community for achieving a peace solution to the war crisis in the former Yugoslav Republic of Bosnia-Herzegovina.
2. The Serb people achieved equality and established their own state—the Srpska republic—which covers one-half of the Bosnia-Herzegovina territory, and obtained international guarantees for its borders.
3. The Srpska republic has been guaranteed the right to immediately enter into confederal links with the FRY [Federal Republic of Yugoslavia] and thus also, in the international sphere, legalize the process of the economic, political, cultural, information-based, and all other forms of integration of the Serbian nation.
4. The peace plan on offer and the continuation of the peace process are the only possibility for achieving a just peace and preventing the further unnecessary suffering of the people.
5. The People's Assembly of the Republic of Serbia supports the determination of the leadership of the Republic of Serbia and the FRY to bring the war to an end immediately, and all decisions and measures serving this end.
6. The People's Assembly of the Republic of Serbia believes that the decision of the the Srpska republic leadership to reject the peace plan runs counter to the interests of the Serb people in the Srpska republic, the

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interests of FRY citizens, as well as the interests of the Serbian people as a whole. This decision brings into question all the results achieved, and it extends the war agony, the unnecessary killing, destruction, the conditions which cause refugees and poverty, while causing both the prolongation and the intensification of the harmful sanctions against the FRY and our nation.

6. Only the cessation of all war operations by all sides in the bloody civil war can make it possible for the citizens and peoples of the former Bosnia-Herzegovina to create a public political life and institutions through which they will govern their own destiny and way of life. It is only in this way that the Serb people in the Srpska republic, as well as in the whole of Bosnia-Herzegovina, can realize their internationally recognized right to new forms of statehood and the correction of the proposed territorial and constitutional solutions, and Yugoslavia can achieve its full return to the international community.

All the peoples of Bosnia-Herzegovina can realize their national and state-building rights in peace—something which will be guaranteed by the international community and by Yugoslavia.

7. The People's Assembly of the Republic of Serbia calls on the Serb people in the Srpska republic to opt for peace, which is in their greatest interests, and accept the peace plan as a basis for the continuation of the peace process and as a permanent and just solution for the former Yugoslav Republic of Bosnia-Herzegovina.

8. The People's Assembly of the Republic of Serbia expresses the full solidarity of the citizens of Serbia with our people in the Srpska republic, to whom we shall continue—as until now—to give every help and share everything we have in the interests of peace and life, not war and death.

9. The People's Assembly of the Republic of Serbia calls on the citizens and leadership of the Srpska republic to accept the proposed peace plan of the international community in the name of the common interests of the people and citizens of the Srpska republic and the FRY.

10. The People's Assembly of the Republic of Serbia calls on the United Nations immediately to proceed with lifting the sanctions against Serbia and Montenegro.

11. This declaration should be published in the "Official Gazette" of the Republic of Serbia.

Tomic Views Peace Plan

AU2608205894 Belgrade Radio Beograd Network in Serbo-Croatian 2000 GMT 26 Aug 94

["Exclusive" statement by Serbian Assembly Speaker Dragan Tomic to Belgrade Radio reporter Dragoljub Stankic in Belgrade on 26 August—recorded]

[Text] [Begin recording] [Tomic] You have had the opportunity to listen to the most responsible people in

the Republic of Serbia, who in their statements argued their position that the peace plan should be accepted.

The peace plan signifies securing for the Serbian people in the Srpska republic, the Serbian people in Yugoslavia, and all Yugoslav citizens, peace that will bring further development, prosperity, and a better life for all citizens. One cannot hope for better life in a war. In a war one can expect only death, sacrifices, more casualties, more destruction, and material losses. Therefore, the Assembly, regardless of the fact that some of the opposition parties that clearly spoke against the peace plan had left the session, passed this decision with a tremendous, big majority this evening. The very fact that, of 130 deputies, 126 voted in favor and only two against, shows that an overwhelming majority in the Assembly, which had already opted for the peace plan, passed this decision.

It is very important to know that three groups of deputies favored the peace plan and that this has clearly manifested itself as a line of separation yesterday and today. Three groups of deputies supported the peace plan and three groups of deputies did not. That is their strategic, political, and any other decision. However, we wanted the people in the Srpska republic to know the stance of the Serbian parliament. Now, whether they listen or not is their business.

[Stankic] Do you expect that the Serbian Assembly decision supporting the Contact Group peace plan will meet with the understanding of the Serbian people in the Srpska republic?

[Tomic] We believe that it will, because we believe and also know that the Serbian people in the Srpska republic are not sufficiently or well informed. They were frightening them with the peace plan rather than pointing out its advantages. Common sense proves that if you are telling somebody that peace will only bring evil you must be misinforming and also manipulating these people. How can people have it better in war rather than in peace?

SPS Caucus Endorses Plan

AU2708202694 Belgrade RTB Television Network in Serbo-Croatian 1730 GMT 27 Aug 94

[Statement by Milorad Vucelic, head of the deputies' caucus of the Socialist Party of Serbia; place and date not given—recorded]

[Text] As regards the Socialist Party of Serbia [SPS], I must say that I am pleased that our consistent policy of peace came to full prominence at the assembly session. I also hold the view that it is important that the adoption of the declaration on the peace plan in the Serbian Assembly represents in a way an official institutionalization of the general mood among the people, who have recently been in favor of peace.

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The third fact that I consider important is that the majority of deputies' caucuses, the majority of deputies backed the declaration without any dilemma, regardless of the fact that some deputies were not present for some other political reasons. As you know, the declaration was adopted with an absolute majority in the Assembly of Serbia, with the absolute assembly vote. What I also consider important is that only two deputies' caucuses of the extreme right, who clearly voted for the continuation of war, held a significantly different view.

As known, the motives of the Socialist Party of Serbia are clear. We take the view that this a great opportunity for a just peace, not any peace. We hold the view that the aims of the joint struggle have in many ways been accomplished, that the peace process is the best way to accomplish a just peace and to turn to the future and work and progress in peace.

Opposition Deputies Walk Out

LD2608173094 Belgrade TANJUG Domestic Service in Serbo-Croatian 1627 GMT 26 Aug 94

[Text] Belgrade, 26 Aug (TANJUG)—After the Serbian Assembly adopted a proposal by a majority of votes at its extraordinary session today that the parliament should vote on the declarations drafted by the government, by the Democratic Party, and by Depos [Democratic Movement of Serbia] on the Contact Group peace plan, opposition deputies walked out of the session.

After this, Assembly Speaker Dragan Tomic called a break and invited chairmen of deputies clubs to a meeting.

Parliamentary 'Crisis' Looming

LD2608174394 Belgrade TANJUG Domestic Service in Serbo-Croatian 1637 GMT 26 Aug 94

[Text] Belgrade, 26 Aug (TANJUG)—Vojislav Kostunica, chairman of the Democratic Party of Serbia [DSS] deputies club, said after opposition parties walked out of the extraordinary session of the Serbian Assembly today that a discussion on the issue initiated by three parties was thwarted by a series of abuses of the parliament's standing orders.

Kostunica added that the issue had been precisely defined and that it did not have anything to do with the forthcoming referendum in the Srpska republic.

The DSS leader said that the right to vote of over 100 deputies, who had applied to take part in the discussion, had thus been revoked. We witnessed a most drastic example of lawlessness and violence, Kostunica said.

Zoran Djindjic, chairman of the Democratic Party deputies club, said that despite the fact that there were still 140 deputies who wanted to take part in the discussion, the Assembly speaker suddenly put the government declaration to a vote, which had no connection with the course of the session hitherto.

This is an abuse of parliament. This brings the parliament into a grave crisis, maybe the gravest since 1990 when it was constituted, Djindjic said.

Jovic Hopes for Serb-Croat Compromise in Krajina

AU2508155594 Belgrade BORBA in Serbo-Croatian 23 Aug 94 p 1

[Unattributed report: "Borisav Jovic Statement to Novi Sad SVET: 'Serbs and Croats Are Softer'"]

[Text] One gets the impression that the Serbs from the republic of Serb Krajina do not want to go back to Croatia, but an impression is one thing and reality another. Both of them (Serbs and Croats) may criticize me for what I am going to say, but in my opinion, if power over the territories controlled by Serbs and Croats is held by one or the other of them, and common questions (railroads, oil pipeline, electric power generation, money, transportation...) are jointly solved without citizens' rights or territorial sovereignty being threatened, then that leaves only "psychological" issues—whether the name for the entity is one thing or another, whether it is a confederation or a federation, whether it is a sovereign state, autonomous entity, or something else. As time goes by, these "psychological" questions will be overcome slowly, and it is our aim now to avoid war and patiently wait for the moment when that is realizable. Croatia does not want to hear about anything right now except the Serbs being subjugated to Croatian authority, and Serbs will not talk about anything else but being a separate republic that is going to join Yugoslavia. I am not asserting that this will be so, but time may make both of these peoples "softer" so that a compromise can be found.

Kosovo

Rugova Comments on Greek-Albanian Relations

AU2708190194 Tirana TVSH Television Network in Albanian 1800 GMT 26 Aug 94

[Text] Dr. Ibrahim Rugova, president of the Republic of Kosova, gave a news conference today. At the conference, he briefed reporters on his political comments on the latest developments in Kosova and the entire Albanian territory. For more, over to our correspondent Mehmet Haziri:

[Haziri] Last week was a tense week for the Balkans in view of the Greek-Albanian relations. Regarding this, at today's meeting with reporters Dr. Ibrahim Rugova, president of the Republic of Kosova, demanded that Greece and its government apply a prudent policy of good neighborliness toward Albania and contribute more to understanding and peace in the Balkan region. Concerning the Greek actions against the Albanians who are presently living and working in that country, President Rugova said that Albanians should not only not be

expelled, but be allowed to organize themselves in clubs and associations, as all foreigners in other European countries are permitted to do.

Meanwhile, the Serb repression is continuing in Kosova. It is evidenced through raids under the pretext of searching for arms, maltreatments, and pursuits of activists of political parties, particularly those of the Albanian education on the eve of preparations for the new school year. There were also incidents of hurling so-called Molotov cocktails, which, as President Rugova declared, heightened the atmosphere of tension and aggravation of the situation in Kosova.

He demanded that Magistrate Ukshin Hoti, chairman of the National Unity Party and professor at Kosova University, and all other political prisoners be released.

In conformity with the situation, President Rugova reiterated the demand that Kosova be taken under international protection and pointed out that Kosova is increasingly becoming a center of attention by various world circles and eminent analysts of the situation in the Balkans.

Asked to comment on the Serbian stance regarding the demand to open a representative office of the Republic of Kosova in Belgrade, President Rugova said that the opening of this office is important for an easier communication with Serbia. This will not hurt anyone and such a chance will come, he underlined.

Responding to a question of why he acts with an extremely great tolerance regarding several internal problems and whether he will adopt new stances, Rugova answered briefly: I will adopt new stances, but again with tolerance.

He also answered other questions by reporters regarding the current situation in Kosova and the region.

Commentator Examines Rift Among Party Leaders

AU2808204494 Pristina TVP Television Network in Serbo-Croatian 1730 GMT 28 Aug 94

[Commentary by Miroslav Mihailovic]

[Text] [Studio announcer] Although it has skillfully been concealed for some time, the rift in Rugova's Democratic League of Kosovo has nevertheless been revealed, and that is the number one topic of discussion among the Albanians in Kosmet [Kosovo-Metohija]. They are particularly bothered by the fact that the money that they have been depriving themselves of, instead of going for the promised Republic of Kosovo, is being spent on the leisurely living of Rugova, Bukoshi, and others. Not only have ordinary Albanians not gotten their republic, but they have also lost their money. What they did get in return are lies.

[Mihailovic] The latest affair among the Kosmet separatists, namely the clash between their leader Ibrahim Rugova and the head of his government, Bujar Bukoshi, whose influence among the Albanians living outside Yugoslavia is unquestionable, is still very topical. The Albanian-language press has recently been full of letters by citizens and branches of Albanian political parties, especially from abroad, in which they extend support to one of the parties in this dispute, while the other, as a rule, is being accused of lying.

The affairs that have surged to the surface following the dispute over whether it will be Rugova's or Bukoshi's man who will be sitting in the separatists' office in Tirana, have forced both parties to make public statements. This has so far usually been avoided in order to preserve the atmosphere of false unity in the decision-making center.

The statements by other persons involved in this case, above all by Antun Koljaj, who has taken over the office in Tirana, and who is sought in our country for participating in the organization of the Military Ministry of the Republic of Kosovo, have removed part of the veil of secrecy from the Rugova-Bukoshi dispute. This veil had been hiding a struggle for the full and unhindered control of the fund for the Republic of Kosovo, whose accounts are in Switzerland and Germany.

For these reasons the Albanians and their press are increasingly often raising the question of who has the money, and what this money is spent on, as well as who holds the strings of political decisions and where the decisionmaking center is. At present, it is known that Bukoshi is using the money from the fund only for those separatists' offices abroad that support him, and that he is spending considerable amounts of money for his personal needs, such as the purchase of a house in Ulm, Germany.

On the other hand, Rugova is imposing additional taxes on Albanians because the control over the fund is almost completely in the hands of his rival. For this reason, Rugova's tax collectors have carried out and completed the action of collecting money from the Albanian population in Kosmet, not for the aforementioned fund, but for the needs of Rugova's party. The majority of Albanian families have paid up out of fear of being branded as traitors to the national interests.

A new additional tax will be introduced soon, especially for the owners of small businesses. This is in addition to the compulsory 3 percent that is paid every month. The tax will allegedly be introduced for the needs of the new illegal school year for young Albanians. In this action of collecting taxes, as has publicly been announced, the owners of private business will have to pay up to 1,000 German marks.

Of course, the real question is: Where is the money from the fund—for which Rugova's political opponents, also Albanians, assume contains over 130 million German marks—flowing to?

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